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**比亞迪電子(國際)有限公司**  
**BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED**

*(incorporated in Hong Kong under the Companies Ordinance with limited liability)*

**(Stock code: 285)**

**RENEWAL OF  
CONTINUING CONNECTED TRANSACTIONS**

**SUMMARY**

Reference is made to the announcements of the Company dated 26 November 2018, 1 March 2019, 19 March 2020, 23 July 2020, 6 August 2020, 27 November 2020, 16 April 2021 and 13 August 2021, and the circular of the Company dated 24 December 2018, in respect of the Existing Continuing Connected Transaction Agreements entered into between the Group and BYD Group.

Since the terms of the Existing Continuing Connected Transaction Agreements will end on 31 December 2021, and the Company expects certain of such transactions will continue thereafter, the Board announces that on 8 December 2021, the Group entered into the New Continuing Connected Transaction Agreements with BYD Group.

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company as at the date of the New Continuing Connected Transaction Agreements, BYD is a connected person of the Company. Therefore, the transactions contemplated under the New Continuing Connected Transaction Agreements constitute Continuing Connected Transactions of the Company.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the Continuing Connected Transactions for the three years ending 31 December 2024 referred to in sub-section A and B in the section headed “II. Renewal of Continuing Connected Transactions” of this announcement exceed 5%, they constitute Non-exempt Continuing Connected Transactions of the Company. The Non-exempt Continuing Connected Transactions and their proposed New Caps are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the Continuing Connected Transactions for the three years ending 31 December 2024 respectively referred to in sub-sections C, D, E, F, G, H, I and J in the section headed “II. Renewal of Continuing Connected Transactions” of this announcement exceed 0.1% but do not exceed 5%, they constitute Exempt Continuing Connected Transactions of the Company. The Exempt Continuing Connected Transactions and their respective New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and each of their proposed New Caps. It is expected that a circular containing, among other things, further details of the Non-exempt Continuing Connected Transactions, together with the recommendations of the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders on or before 30 December 2021.

## **I. INTRODUCTION**

Reference is made to the announcements of the Company dated 26 November 2018, 1 March 2019, 19 March 2020, 23 July 2020, 6 August 2020, 27 November 2020, 16 April 2021 and 13 August 2021, and the circular of the Company dated 24 December 2018, in respect of the Existing Continuing Connected Transaction Agreements entered into between the Group and BYD Group.

Since the terms of the Existing Continuing Connected Transaction Agreements will end on 31 December 2021, and the Company expects certain of such transactions will continue thereafter, the Board announces that on 8 December 2021 the Group entered into the New Continuing Connected Transaction Agreements with BYD Group.

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company as at the date of the New Continuing Connected Transaction Agreements, BYD is a connected person of the Company. Therefore, the transactions contemplated under the New Continuing Connected Transaction Agreements constitute Continuing Connected Transactions of the Company.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the Continuing Connected Transaction for the three years ending 31 December 2024 referred to in sub-section A and B in the section headed “II. Renewal of Continuing Connected Transactions” of this announcement exceed 5%, they constitute Non-exempt Continuing Connected Transactions of the Company. The Non-exempt Continuing Connected Transactions and their proposed New Caps are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the Continuing Connected Transactions for the three years ending 31 December 2024 respectively referred to in sub-sections C, D, E, F, G, H, I and J in the section headed “II. Renewal of Continuing Connected Transactions” of this announcement exceed 0.1% but do not exceed 5%, they constitute Exempt Continuing Connected Transactions of the Company. The Exempt Continuing Connected Transactions and their respective New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors (namely Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie) has been established to advise the Independent Shareholders, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and their proposed New Caps. It is expected that a circular containing, among other things, further details of the Non-exempt Continuing Connected Transaction, together with the recommendations of the Independent Board Committee, the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders on or before 30 December 2021.

Further details of the Continuing Connected Transactions, the New Continuing Connected Transaction Agreements, the Existing Caps, the New Caps and the actual historical transaction amounts of such Continuing Connected Transactions for the relevant periods are set out below.

## II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions include the following:

<b>Name of connected person</b>	<b>Connected person's relationship with the Group</b>	<b>Nature of the Continuing Connected Transaction with the Group</b>
BYD and its subsidiaries (other than the Company)	BYD is the holder of approximately 65.76% of the total issued share capital of the Company	<ul style="list-style-type: none"><li>(a) Supply of products by the Group to the BYD Group</li><li>(b) Purchase of products (including batteries) by the Group from the BYD Group</li><li>(c) Provision of utilities connection and/or utilities by the BYD Group to the Group</li><li>(d) Provision of processing services by BYD Group to the Group</li><li>(e) Leasing of properties by BYD Group to the Group</li><li>(f) Provision of purchasing services by BYD Group to the Group</li><li>(g) Provision of processing services by the Group to the BYD Group</li><li>(h) Provision of available-for-sale automotive core components and special purpose electric vehicles by the BYD Group to the Group</li><li>(i) Provision of power supply services by the Group to the BYD Group</li><li>(j) Sharing of Ancillary Services by the BYD Group with the Group</li></ul>

A summary of the proposed New Caps for each of the Continuing Connected Transactions is set out below:

<b>Continuing Connected Transactions</b>	<b>2022</b> <i>RMB'000</i>	<b>2023</b> <i>RMB'000</i>	<b>2024</b> <i>RMB'000</i>
(a) Supply of products by the Group to BYD Group <sup>#</sup>	6,492,341	7,772,393	9,200,644
(b) Purchase of products (including batteries) by the Group from the BYD Group <sup>#</sup>	2,827,615	3,697,936	5,077,895
(c) Provision of utilities connection and/or utilities by the BYD Group to the Group*	788,306	865,845	955,224
(d) Provision of processing services by the BYD Group to the Group*	1,413,018	1,092,951	749,163
(e) Leasing of properties by the BYD Group to the Group*	433,939	454,759	477,317
(f) Provision of purchasing services by the BYD Group to the Group*	81,397	97,796	104,934
(g) Provision of processing services by the Group to the BYD Group*	207,879	210,687	199,825
(h) Provision of available-for-sale automotive core components and special purpose electric vehicles by the BYD Group to the Group*	424,520	549,176	710,689
(i) Provision of power supply services by the Group to the BYD Group*	103,295	113,624	124,987
(j) Sharing of Ancillary Services by the BYD Group with the Group*	35,370	40,254	45,552

*Notes:*

1. Where a Continuing Connected Transaction is marked “#”, that means the relevant Continuing Connected Transaction is a Non-exempt Continuing Connected Transaction and is subject to reporting, announcement, annual review and independent shareholders’ approval requirements, because one or more of the applicable percentage ratios as stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the relevant Continuing Connected Transaction exceed 5%.
2. Where a Continuing Connected Transaction is marked “\*”, that means the relevant Continuing Connected Transaction is an Exempt Continuing Connected Transaction and is subject to reporting, announcement and annual review requirements but exempt from independent shareholders’ approval requirement, because one or more of the applicable percentage ratios as stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the relevant Continuing Connected Transaction exceed 0.1% but do not exceed 5%.

## A. Supply of products by the Group to BYD Group

Agreement:	New Supply Agreement
Date:	8 December 2021
Parties:	1. The Company 2. BYD
Duration:	1 January 2022 to 31 December 2024
Effective Date:	The date on which Independent Shareholders' approval in respect of this agreement is obtained.
Subject:	The Group agreed to supply to BYD Group products required for the production of BYD Group's products, such as rotatable display screens, injection molded parts, moulds and certain other products and materials.
Price determination:	<p>The Group will determine the selling prices with reference to, and generally shall not be lower than, prices charged to its independent third party customers for similar products, which represents the then prevailing market prices.</p> <p>In accordance with the Group's internal policies, the Non-exempt Continuing Connected Transaction under the New Supply Agreement will be properly recorded, including but not limited to prices determined and transaction amounts. As the management of the Group will review the aforesaid pricing policy on a regular basis, our Directors are of the view that the aforesaid method and procedures can ensure that the Non-exempt Continuing Connected Transaction contemplated under the New Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.</p>
Payment terms:	Payment of each transaction will comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

The table below summarises the Existing Caps for the three years ended 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Existing Caps	2,274,779	2,823,811	3,451,879

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended 31 December 2019</b>	<b>Year ended 31 December 2020</b>	<b>Nine months ended 30 September 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>
Actual transaction amount	1,019,193	2,499,959	1,798,547

The Company estimates that the transaction amounts for the said Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB6,492,341,000, RMB7,772,393,000 and RMB9,200,644,000 respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps have been prepared by the Company primarily based on (i) the historical transaction amounts; (ii) the expected substantial increase in demand of BYD Group for the Group's products (in particular, rotatable display screens which were also used for the production of BYD Group's new energy vehicles) for the three years ending 31 December 2024; and (iii) the increase in production and operation capacity of the Group. According to BYD's 2021 interim report, in June 2021, BYD Group's market share of new energy vehicles exceeded 16%, an increase of nearly 5% as compared with the beginning of the year. The sales volume continued to lead the domestic new energy vehicle market and remained at the forefront in the world. Its high-end flagship model "Han" became the first medium/large sedan with a monthly sales volume of over 10,000 units in China's auto industry. As of June 2021, the model "Han" has reached about 90,000 units. With the expansion of the global new energy vehicle market and the continuous enrichment of the new energy vehicle product matrix and the continuous improvement of the brand image of BYD Group, it is expected that their new energy vehicles, which will continue to equip with rotatable display screens, will continue to maintain rapid growth in the future. As a result, in view of the expansion of BYD's vehicle business and our Group's increase in production capacity to meet with BYD's business expansion, the expected demand of our Group's products required for the production of BYD's Group's products will increase substantially for the period ending 31 December 2022.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 5%, it constitutes a Non-exempt Continuing Connected Transaction of the Company. This Non-exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. BYD and its associates will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these proposed New Caps and the New Supply Agreement.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is a Non-exempt Continuing Connected Transaction and the proposed New Caps are subject to the approval of the Independent Shareholders, the New Supply Agreement is conditional upon the said resolution being passed at the EGM.



## **B. Purchase of products (including batteries) by the Group from BYD Group**

Agreement:	New Purchase Agreement
Date:	8 December 2021
Parties:	<ol style="list-style-type: none"><li>1. The Company</li><li>2. BYD</li></ol>
Duration:	1 January 2022 to 31 December 2024
Subject:	<p>The BYD Group agreed to supply batteries used for production specific new intelligent products, materials used for production of handset casings, plastic structural materials, packaging materials and certain other products and materials, as well as batteries according to the specifications as requested by the Group from time to time for certain new intelligent products produced by the Group to the Group.</p>
Price determination:	<p>For BYD Group's purchases of products other than batteries, the Group will make reference to prices of similar products charged by its independent third party suppliers to ensure that BYD Group is selling the products at the then prevailing market prices. For purchases of batteries, the prices of the batteries offered by the BYD Group to the Group shall be with reference to the costs of production of the batteries of the BYD Group plus a profit margin agreed between the Group and BYD Group after arm's length negotiation, and in any event at terms and prices no less favourable than those offered to the Group by an independent third party for the same or similar type of batteries offered in the PRC and for the same or comparable volume, delivery schedules and terms (unless there is no such reference price available). Depending on the expected quantity and/or the specification of the batteries required, members of the Group shall have the right to engage different suppliers, including the BYD group, through a tendering or price comparison process.</p> <p>The Group has already implemented a policy to request suppliers, including BYD Group and independent third party suppliers, to provide quotations in respect of the same or similar products (except for materials of insignificant amount) before making purchase orders with BYD Group. It is the Group's policy to obtain at least two to three quotations from suppliers (unless there is no such reference price available). After receiving quotations, the Group will compare the price offered by BYD Group and other criteria (such as the capability to meet the Group's delivery schedule and ensure quality of products) with that of independent third party suppliers so as to determine the engagement results.</p>



The Group will conclude the purchase with BYD Group only when those selection criteria can be met after taking into consideration the range of relevant factors in order to safeguard the interests of the Group. In accordance with the Group's internal policies, the Non-Exempt Continuing Connected Transaction under the New Purchase Agreement will be properly recorded, including but not limited to prices determined and transaction amounts. As the management of the Group will review the aforesaid pricing policy on a regular basis and compare the quotation provided by BYD Group and independent third party suppliers, our Directors are of the view that the aforesaid method and procedures can ensure that the Non-Exempt Continuing Connected Transaction contemplated under the New Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms: Payment of each transaction will comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

The table below summarises the Existing Caps for the three years ended 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	950,442	2,018,614	2,534,717

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	908,081	1,690,910	1,309,202

In order to ensure the Group’s normal production and operation and to promote its business development, the Group is required to obtain sufficient raw material supply. The transaction under the New Purchase Agreement will enable the Group to save time and costs in acquiring products that meet the standard from the BYD Group directly, as the Group does not need to negotiate with suppliers individually.

The Company estimates that the transaction amounts for the said Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB2,827,615,000, RMB3,697,936,000 and RMB5,077,895,000 respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps have been prepared by the Company primarily based on: (i) the historical transaction amounts; and (ii) the rapid development of relevant businesses of the Group (in particular, the expected growth of the business of specific new intelligent products including smart home products).

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 5%, it constitutes a Non-exempt Continuing Connected Transaction of the Company. This Non-exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. BYD and its associates will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these proposed New Caps and the New Purchase Agreement.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is a Non-exempt Continuing Connected Transaction and the proposed New Caps are subject to the approval of the Independent Shareholders, the New Purchase Agreement is conditional upon the said resolution being passed at the EGM.

**C. Provision of utilities connection and/or utilities by BYD Group to the Group**

Agreement:	New BYD Utility Services Master Agreement
Date:	8 December 2021
Parties:	1. The Company 2. BYD
Duration:	1 January 2022 to 31 December 2024
Subject:	The BYD Group agreed to provide or provide the connection of (as the case may be) certain utilities, including water, electricity and gas, to the Group.

Terms: Fees payable by the Group to BYD Group in relation to the provision of utilities connection and/or utilities (as the case may be) will be determined based on usage as measured by the relevant meters and the costs incurred by BYD Group in the sense that the Group has to reimburse BYD Group for the portion of its utility costs attributable to the relevant production facilities of the Group and to share all maintenance and repairing costs incurred in connection with the utility infrastructure by reference to usage as measured by the relevant meters. No mark up will be made by BYD Group and it is purely on a reimbursement basis. In order to ascertain that the maintenance and repairing costs incurred by BYD Group is fair, reasonable and after due and careful consideration, the Group will obtain and check sufficient contemporaneous records such as calculation breakdown and actual invoices for the maintenance and repairing costs incurred by BYD Group. The Group will review and provide feedback on the records to ensure the accuracy and fairness of the maintenance and repairing costs to be charged to the Group.

Price determination: On the basis of the usage rate as recorded in the relevant meters with reference to the market price (which is the actual price charged to BYD Group by local utility bureaus). The Group also share the maintenance and repairing costs incurred in connection with the utility infrastructure by reference to usage as measured by the relevant meters.

The meter readings will be recorded and monitored by staff of both the Group and BYD Group regularly to ensure proper recording of the Group's usage of utilities. The BYD Group has kept separate meters for different utilities to be provided to the Group. The Group will obtain copies of utilities bills charged to BYD Group by local utility bureaus to monitor and check the usage rate. Our Directors are of the view that the aforesaid method and procedures can ensure that the Exempt Continuing Connected Transaction contemplated under the New BYD Utility Services Master Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms: Payment of each transaction will comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

The table below summarises the Existing Caps for the three years ended 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	950,160	989,735	1,023,521

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	597,099	636,274	475,973

The Company estimates that the transaction amounts for the said Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB788,306,000, RMB865,845,000 and RMB955,224,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps have been prepared by the Company primarily based on: (i) the historical transaction amounts; and (ii) the expected increase of the Group's usage of utilities as a result of the expected growth in handset parts and components, complete handset assembly and automotive electronics business of the Group in the next three years.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. This Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of the Independent Shareholders, the New BYD Utility Services Master Agreement is unconditional.

#### **D. Provision of processing services by BYD Group to the Group**

Agreement:	New Processing Services Agreement
Date:	8 December 2021
Parties:	<ol style="list-style-type: none"><li>1. The Company</li><li>2. BYD</li></ol>
Duration:	1 January 2022 to 31 December 2024
Subject:	BYD Group agreed to provide to the Group certain design, testing, quality control, processing and repairing services for certain products of the Group (including handset metal parts) and facilities (including factory renovation and wastewater treatment) of the Group.
Price determination:	With reference to the costs of the BYD Group in provision of the relevant processing services plus (in the case of processing services for products of the Group) a profit margin to be determined after arm's length negotiation between the Company and BYD/arm's length negotiation between the Group and BYD Group (other than those services with insignificant amounts). The Group will make reference to processing fees charged by its independent third party service providers in determining the processing services fees.

The Group has already implemented a policy to request service providers, including the BYD Group and other independent third party service providers, to provide quotations in respect of different services (except for services of insignificant amount) before making orders with the BYD Group. It is the Group's policy to obtain at least two or three quotations from service providers (unless there is no such reference price available). After receiving the quotations, the Group will compare the fees offered by the BYD Group and other criteria (such as the capability to meet the Group's delivery schedule, quality and processing capacity) with that of independent third party service providers so as to determine the engagement results.

In accordance with the Group's internal policies, the Exempt Continuing Connected Transaction under the New Processing Services Agreement will be properly recorded, including but not limited to fees determined and transaction amounts. As the management of the Group will review the aforesaid pricing policy on a regular basis and compare the quotation provided by the BYD Group and the other independent third party service providers, our Directors are of the view that the aforesaid method and procedures can ensure that the Exempt Continuing Connected Transaction contemplated under the New Processing Services Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms: Payment of each transaction will comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

The table below summarises the Existing Caps for the three years ending 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	511,947	893,537	750,495

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	374,660	870,519	411,988

The Group will continue to engage the BYD Group as the main provider of processing services for the three years ending 31 December 2024 for the following reasons:

- (a) BYD Group's factory sites in Shenzhen are within proximity to Huizhou and are capable of providing processing services to undertake some steps in the production process of handset metallic components of the Group;
- (b) BYD Group is equipped with machinery to provide the Group with processing and product testing services that may be required by the Group from time to time; and
- (c) since the Group and BYD Group adopt similar product standards, BYD Group is in a better position to understand the Group's needs and expectations, and accordingly provide the appropriate processing services to the Group.

The Company estimates that the transaction amounts for the said Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB1,413,018,000, RMB1,092,951,000 and RMB749,163,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps have been prepared by the Company primarily based on (i) the historical transaction amounts of the provision of the said processing services; (ii) the Group's business needs, production planning and production capacity; (iii) the conditions of the Group's plants and production facilities and the Group's expected development plans, including but not limited to the renovation, maintenance, installation and/or protection plans of the said facilities with reference to the Group's operational and production needs; and (iv) the estimated market price of the processing services that may be required by the Group (including but not limited to renovation, maintenance, installation and/or protection).

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. This Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of the Independent Shareholders, the New Processing Services Agreement is unconditional.



## **E. Leasing of properties by BYD Group to the Group**

Agreement:	New Property Leasing Framework Agreement
Date:	8 December 2021
Parties:	<ol style="list-style-type: none"><li>1. The Company</li><li>2. BYD</li></ol>
Duration:	1 January 2022 to 31 December 2024
Subject:	<p>The parties have agreed that the Group may from time to time lease the properties of the BYD Group in the PRC, predominantly factory and office space, for the purposes of its daily operations.</p> <p>The parties or their respective subsidiaries shall enter into individual property leasing agreements in respect of each leasing arrangement in accordance with the terms of the New Property Leasing Framework Agreement. Each individual property leasing agreement shall contain, amongst other things, the specific details of the leased property and must comply with the terms of the New Property Leasing Framework Agreement, the Listing Rules and applicable laws.</p>
Price determination:	<p>The Group shall determine the rent payable for each lease after arm's length negotiations based on normal commercial principles with reference to the market price and other commercial considerations, such as floor area, location and the type of property. In particular, the rent shall not exceed the amount of rent payable by or to be charged by an independent third party in respect of similar leased properties.</p>

In determining the rental for the leases under the New Property Leasing Framework Agreement, the Group made reference to market prices of leases of comparable premises and conducted site visits. The Group took into consideration a range of relevant factors (such as location, size, transportation, construction and utility facilities of the premises) to determine whether the premises were suitable for the Group in order to safeguard the interests of the Group. Our Directors are of the view that the aforesaid method and procedures can ensure that the Exempt Continuing Connected Transaction contemplated under the New Property Leasing Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

The New Property Leasing Framework Agreement constitutes an Exempt Continuing Connected Transaction of the Company. The table below summarises the Existing Caps for the three years ending 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	286,841	324,890	345,127

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	213,771	270,957	208,501

Based on the assumption that the rental for each of the leases under the New Property Leasing Framework Agreement will remain unchanged for the three years ending 31 December 2024, and taking into account additional premises which the Group will rent to meet its increasing size of operations, the Company expects that the transaction amounts of this Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB433,939,000, RMB454,759,000 and RMB477,317,000 respectively and the same have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps have been prepared by the Company primarily based on (i) the historical transaction amounts in respect of property leasing between the Group and BYD Group; (ii) the aggregate rent amount paid/payable by the Group under the existing property leasing framework agreement for the year ending 31 December 2021, which is expected to be not to exceed RMB345,127,000; and (iii) the Company's expected demand for new leasing arrangements during the term of the New Property Leasing Framework Agreement to satisfy its business development needs and the expected growth of the production of smartphones and personal laptops, new intelligent products and rotatable display screens.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. The Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of Independent Shareholders, the New Property Leasing Framework Agreement is unconditional.

**F. Provision of purchasing services by BYD Group to the Group**

Agreement: New Supply Chain Management Service Agreement

Date: 8 December 2021

Parties: 1. The Company  
2. BYD

Duration: 1 January 2022 to 31 December 2024

Subject: Pursuant to the terms of the New Supply Chain Management Service Agreement, the BYD Group agrees to provide purchasing service to the Group. Under this arrangement, the BYD Group will provide purchase order execution and logistic support to the Group, including but not limited to the consolidation of purchase orders from the Group in respect of production equipment, machinery and raw materials for the Group's production of handset parts and components, new intelligent equipment and rotatable display screens, selection of appropriate suppliers, negotiation with suppliers for bulk purchase discount and delivery schedule, as well as quality control and inspection and provide legal and other consultation services to the Group on matters in relation to the provision of purchasing services.

Price determination: The total purchasing service fees payable per calendar year shall not exceed 0.3% of the total purchase amount of all the goods purchased during the relevant calendar year (excluding value added tax or other applicable taxes, discounts, allowances or returns). The rate of the purchasing service fee was determined with reference to the expenses to be incurred by BYD Group in rendering the purchasing service to the Group, plus a margin taking into account the benefit available to the Group from BYD Group's services. Pursuant to the terms of the New Supply Chain Management Service Agreement, BYD Group will negotiate with various suppliers on a centralised basis for both the BYD Group and the Group, which will enable the Group to save time and costs in negotiation as the Group will no longer need to negotiate with suppliers individually. The Group will also benefit from bulk purchasing which will enable the Group to enjoy more favourable terms than if members of the Group and the BYD Group were to undertake their purchasing individually. Under this arrangement, procurement of products by the Group could be better coordinated and transacted more efficiently.

In determining the purchasing service fee, the Group will obtain and check records of relevant expenses incurred by BYD Group and the management of the Group will review the aforesaid pricing policy on a regular basis. Our Directors are of the view that the aforesaid method and procedures can ensure that the Exempt Continuing Connected Transactions contemplated under the New Supply Chain Management Service Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms: Generally within 90 days from the date of invoice

The table below summarises the Existing Caps for the three years ending 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	93,828	118,805	142,736

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended 31 December 2019</b>	<b>Year ended 31 December 2020</b>	<b>Nine months ended 30 September 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>
Actual transaction amount	52,468	55,436	43,980

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB81,397,000, RMB97,796,000 and RMB104,934,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps were determined primarily based on arm's length negotiations between the BYD Group and the Company with reference to the (i) historical transaction amounts of the provision of the said purchasing services; (ii) the expected increase in productions of the Group in certain products (including rotatable display screens, smartphones and personal laptops); (iii) the expenses to be incurred by the BYD Group in rendering the purchasing service to the Group; and (iv) the expected increase in volume of purchases to be placed by the Group.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed the 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. This Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of Independent Shareholders, the New Supply Chain Management Service Agreement is unconditional.

## **G. Provision of processing services by the Group to BYD Group**

Agreement:	New BE Processing Services Agreement
Date:	8 December 2021
Parties:	<ol style="list-style-type: none"><li>1. The Company</li><li>2. BYD</li></ol>
Duration:	1 January 2022 to 31 December 2024
Subject:	Pursuant to the terms of the New BE Processing Services Agreement, the Group agrees to provide to BYD Group automation equipment design services, certain processing services, testing services and research and development support for certain products of the BYD Group.
Price determination:	With reference to the costs of the Group in provision of the relevant processing services plus a profit margin to be determined after arm's length negotiation between the Group and BYD. The Group will determine the fees with reference to prices charged to its independent third party customers for similar services. The terms and rights available to BYD Group shall not be more favourable than those made available by the Group to other third party customers. In accordance with the Group's internal policies, the Exempt Continuing Connected Transaction under the New BE Processing Services Agreement will be properly recorded, including but not limited to prices determined and transaction amounts. As the management of the Group will review the pricing policy on a regular basis, our Directors are of the view that the aforesaid methods and procedures can ensure that the Exempt Continuing Connected Transactions contemplated under the New BE Processing Services Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.
Payment terms:	Payment of each transaction will comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

The table below summarises the Existing Caps for the three years ending 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	170,355	171,581	103,659

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	132,550	133,282	41,909

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB207,879,000, RMB210,687,000 and RMB199,825,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps were determined primarily based on arm's length negotiations between the Company and BYD with reference to (i) the historical transaction amounts; (ii) the costs of the Company in provision of relevant services plus a profit margin to be determined after arm's length negotiation between the Company and BYD; and (iii) the development of the Group's relevant research and development projects of automotive electronics.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed the 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. This Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of Independent Shareholders, the New BE Processing Services Agreement is unconditional.



## **H. Provision of available-for-sale automotive core components and special purpose electric vehicles by BYD Group to the Group**

Agreement: New Automotive Core Components and Special Purpose Electric Vehicles Purchase Agreement

Date: 8 December 2021

Parties: 1. The Company  
2. BYD

Duration: 1 January 2022 to 31 December 2024

Subject: Pursuant to the New Automotive Core Components and Special Purpose Electric Vehicles Purchase Agreement, the Group may purchase certain Goods from the BYD Group, including automotive core components, special purpose electric vehicles and certain other materials, and provide processing services and after-sales services for the localised production of automobiles in the overseas market by the BYD Group by taking advantage of the good relationship between the Group and the local customers and the technical skills in processing automotive electronic components, while benefiting from the improvement of the utilization rate of the Group's property resources. The exact specifications of the Goods to be purchased shall be specified by the Group in each purchase order.

Price determination: The amount payable by the Group to the BYD Group under each purchase order shall be determined by reference to the prevailing market price for products of a similar nature. The amount to be paid by the Group, which include packing, binding, shipping, carriage, temporary storage, insurance, any relevant taxes and other relevant cost for transporting the Goods to the designated delivery address, shall not be higher than those prices provided by BYD to the third party customers.

In accordance with the Company's internal policies, the Exempt Continuing Connected Transaction under the New Automotive Core Components and Special Purpose Electric Vehicles Purchase Agreement will be properly recorded, including but not limited to prices determined and transaction amounts. As the management of the Group will review the pricing policy on a regular basis, our Directors are of the view that the aforesaid methods and procedures can ensure that the Exempt Continuing Connected Transactions contemplated under the New Automotive Core Components and Special Purpose Electric Vehicles Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms: By cash as stipulated in the relevant purchase orders, which is normally payable within 12 months after delivery of the Goods.

The table below summarises the Existing Caps for the three years ending 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	298,160	421,169	522,569

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	124,272	21,811	60,806

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB424,520,000, RMB549,176,000 and RMB710,689,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

As the overseas market promotion was still in the early stage and was affected by various factors such as the spread of the COVID-19 and transportation by sea and land, the actual transaction amount of this Continuing Connected Transaction for 2019, 2020 and the first nine months of 2021 fell short of expectations. The proposed New Caps were determined primarily based on arm's length negotiations between BYD Group and the Company primarily with reference to (i) the expected demand for the localised production of automobiles and after-sales services in the overseas market from the customers; (ii) the current status of accumulated orders; (iii) the current results of overseas market promotion; and (iv) the mitigation of various influencing factors such as the spread of the COVID-19 and transportation by sea and land.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed the 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. This Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2021 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of Independent Shareholders, the New Automotive Core Components and Special Purpose Electric Vehicles Purchase Agreement is unconditional.

## **I. Provision of power supply services by the Group to the BYD Group**

Agreement:	New Power Supply Services Agreement
Date:	8 December 2021
Parties:	<ol style="list-style-type: none"><li>1. The Company</li><li>2. BYD</li></ol>
Duration:	1 January 2022 to 31 December 2024
Subject:	Pursuant to the New Power Supply Services Agreement, the Group shall provide electricity to the BYD Group to satisfy the day-to-day operations and production needs of the BYD Group in the industrial hubs in regions such as Baolong, Shenzhen, the PRC.
Terms:	Fees payable by BYD Group to the Group in relation to the provision of electricity services will be determined based on usage as measured by the relevant meters and the costs incurred by the Group in the sense that BYD Group has to reimburse the Group for the portion of its electricity costs attributable to the relevant production facilities of BYD Group. No mark-up will be made by the Group and it is purely on a reimbursement basis.

Price determination: The fees payable by BYD Group shall be determined on the basis of the usage rate as recorded in the relevant meters with reference to the market price (which is the actual price charged to the Group by local electricity bureaus).

The meter readings will be recorded and monitored by staff of both the Group and BYD Group regularly to ensure proper recording of the BYD Group's usage of electricity. Our accounting personnel will regularly obtain copies of electricity bills charged by the Group by local electricity bureaus to monitor and check the usage rate, assess whether all transactions contemplated under the New Power Supply Services Agreement are conducted in accordance with the relevant terms and ensure the transactions contemplated under the New Power Supply Services Agreement will also be properly recorded in accordance with the Company's internal policies.

Payment terms: Payment of each transaction will comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

The table below summarises the Existing Caps for the three years ending 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	90,433	95,541	117,658

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	77,892	75,310	61,971

The Company estimates that the transaction amounts for the said Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB103,295,000, RMB113,624,000 and RMB124,987,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps have been prepared by the Company primarily based on arm's length negotiations between the Company and BYD with reference to, among others, (i) the historical transaction amounts; (ii) the expected consumption of electricity by the BYD Group having considered its operational and production needs; (iii) the expected increases in production and production capacity of BYD Group; and (iv) the expected electricity cost to be charged by local electricity bureaus.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. This Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of the Independent Shareholders, the New Power Supply Services Agreement is unconditional.

**J. Sharing of Ancillary Services by the BYD Group with the Group**

Agreement:	New Comprehensive Services Master Agreement
Date:	8 December 2021
Parties:	1. The Company 2. BYD
Duration:	1 January 2022 to 31 December 2024
Subject:	The BYD Group agreed to provide to the Group the Ancillary Services required for the Group's business operations
Terms:	Fees payable by the Group to the BYD Group in relation to the provision of Ancillary Services will be determined on a cost-basis, i.e. based on the Group's actual usage and the costs incurred by the BYD Group in providing such services, for example, the Group shall share the labor costs, equipment and facilities maintenance and repair costs incurred in the provision of Ancillary Services in proportion to the use of Ancillary Services.

Price determination: On the basis of actual usage as recorded in the bills from telecommunication and computer network service providers. The Group also share the maintenance and repairing costs in relation to the relevant equipment and facilities. The Group will obtain and check contemporaneous records such as bills from third party service providers, calculation breakdown and actual invoices for the maintenance and repairing costs incurred by the BYD Group. The Group will review and provide feedback on the records to ensure the accuracy and fairness of the costs to be charged to the Group. Our Directors are of the view that the aforesaid method and procedures can ensure that the Exempt Continuing Connected Transaction contemplated under the New Comprehensive Services Master Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms: Payment of each transaction will be comply with the payment terms agreed by the relevant parties in the relevant contract(s) or order.

The table below summarises the Existing Caps for the three years ending 31 December 2021 for the Continuing Connected Transaction set out in this sub-section:

	<b>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
Existing Caps	28,166	32,238	35,414

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (audited) and the nine months ended 30 September 2021 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine months</b> <b>ended</b> <b>30 September</b> <b>2021</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	22,793	28,690	22,603

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2024 will not exceed RMB35,370,000, RMB40,254,000 and RMB45,552,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps were determined primarily based on (i) the historical transaction amounts; (ii) the requirement for the Ancillary Services to support the Group's business operations will increase for the three years ended 31 December 2024.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for this Continuing Connected Transaction for the three years ending 31 December 2024 exceed 0.1% but do not exceed the 5%, it constitutes an Exempt Continuing Connected Transaction of the Company. This Exempt Continuing Connected Transaction and the proposed New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As this Continuing Connected Transaction for the three years ending 31 December 2024 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of Independent Shareholders, the New Comprehensive Services Master Agreement is unconditional.

### **III. REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Group had been reinforcing its advantageous position in the field of mobile intelligent terminals and expanding its business scope to enhance the development of automotive electronics, smart hardware and smart products of the "Internet of Things". In light of the rapid development of BYD's new energy vehicle business and the improvement and development of its electronic and intelligent devices, its demand for automotive electronics has also increased vigorously. With the slowdown in the industry of consumer electronics, the Group will continue to actively enhance the overall advantage in research and development and intelligent manufacturing of its automotive electronics products, and contribute income and profit to the automotive intelligent system business segment of the Group through the introduction of new projects. In view of the historical friendly relationship between the Company and BYD and the proximity of the factories and properties of the Group and the BYD Group, the sharing of the use of infrastructure between the Company and the BYD Group will also reduce capital expenditures and lower the utility cost of the Company. In addition, the Group may further control material procurement cost and enhance its competitiveness by virtue of the supply chain scale system of BYD. Therefore, the Directors, excluding the independent non-executive Directors, believe that it is beneficial to the Group to continue to carry out the Continuing Connected Transactions in each of three years ending 31 December 2024 to enhance and maximise operational efficiency and business growth of the Company. The purposes of entering into the New Continuing Connected Transaction Agreements are to renew the Existing Continuing Connected Transaction Agreements for another three years to 31 December 2024 and to revise the annual caps of the transactions contemplated thereunder, to ensure that the Group and BYD Group can continue the continuing connected transactions under the New Continuing Connected Transactions Agreements.

At present, products of the Group such as those relating to intelligent driving technology and intelligent cockpit are still under verification of research and development or trial production stage. The Group will fully grasp the opportunities it met with of automobile electrification and intelligence, achieve large-scale mass production of relevant products as quickly as possible, and unleash the competitive advantages in the relevant businesses using the technology and resources it accumulated in relevant fields to further expand the business scope of the Group and increase sales revenue and profit contribution. Therefore, the Group expects to further deepen and expand its cooperation with the BYD Group in the area of automotive electronics and smart hardware in the future.



#### **IV. INTERNAL CONTROL MEASURES**

In addition to compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of the Group's Continuing Connected Transactions, the Company has set up relevant departments in charge of internal control and risk management to perform internal review and control over the Continuing Connected Transactions of the Company, including reviewing contracts signed between the Company and connected persons, reviewing the performance of procedures prior to signing of contracts as well as the fulfilment of transactions thereunder, regularly inspecting the specific terms of the Company's transactions with connected persons and comparing it with the terms of the same type of transactions of the Company entered into with third parties who are not connected persons, to ensure that the pricing and other contractual terms for the Group's Continuing Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders and that the Continuing Connected Transactions are conducted in accordance with the contracts and in compliance with the laws and regulations.

To ensure the Continuing Connected Transactions do not exceed the annual caps, the relevant business departments of the Group shall fill in and submit statistical charts for the Continuing Connected Transactions at least quarterly. In the event that the amount of the Continuing Connected Transactions incurred and to be incurred for a financial year is expected to reach the annual caps, the relevant departments will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the annual caps is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance of the requirements under the Listing Rules.

The Company also arranges compliance trainings for the Directors, supervisors, senior management and staff from the relevant departments of the Company and its subsidiaries from time to time, primarily focusing on the rules relating to connected transactions under Chapter 14A of the Listing Rules.

#### **V. LISTING RULES IMPLICATIONS**

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company as at the date of the New Continuing Connected Transaction Agreements, BYD is a connected person of the Company. Therefore, the transactions contemplated under the New Continuing Connected Transaction Agreements constitute Continuing Connected Transactions of the Company.

Mr. WANG Chuan-fu, a non-executive Director of the Company, is also an executive director and chairman of the board of directors of BYD and is interested in approximately 17.81% of the total issued share capital of BYD as at the date of the New Continuing Connected Transaction Agreements. Accordingly, Mr. WANG Chuan-fu, being a Director who may have a material interest, had voluntarily abstained from voting on the board resolutions of the Company concerning the Continuing Connected Transactions.

The Directors (excluding the independent non-executive Directors in respect of the Non-exempt Continuing Connected Transaction) have confirmed that the Continuing Connected Transactions have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group in the ordinary and usual course of business and either (i) on normal commercial terms or better, or (ii) on terms no less favourable to the Group than those available to or from (as appropriate) independent third parties.

The Directors (excluding the independent non-executive Directors in respect of the Non-exempt Continuing Connected Transaction) are of the view that the terms of the Continuing Connected Transactions, and the relevant proposed New Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the Continuing Connected Transactions for the three years ending 31 December 2024 referred to in sub-section A and B in the section headed "II. Renewal of Continuing Connected Transactions" of this announcement exceed 5%, they constitute Non-exempt Continuing Connected Transactions of the Company. The Non-exempt Continuing Connected Transactions and their proposed New Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed New Caps for the Continuing Connected Transactions for the three years ending 31 December 2024 respectively referred to in sub-sections C, D, E, F, G, H, I and J in the section headed "II. Renewal of Continuing Connected Transactions" of this announcement exceed 0.1% but do not exceed 5%, they constitute Exempt Continuing Connected Transactions of the Company. The Exempt Continuing Connected Transactions and their respective proposed New Caps are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **VI. INFORMATION ON THE GROUP AND BYD GROUP**

### **The Company and the Group**

The Company is incorporated under the laws of Hong Kong with limited liability whose Shares are listed on the Stock Exchange. Approximately 65.76% of the equity interests of the Company is owned by Golden Link Worldwide Limited, a company incorporated in the British Virgin Islands, which is ultimately wholly-owned by BYD. The Group is a global leading high-end platform-based manufacturing enterprise, providing world renowned customers with innovative materials development, product design and development, parts and components as well as complete machine manufacturing, supply chain management, logistics, after-sales and other one-stop services, with products covering four major areas including smartphones and personal laptops, new intelligent products, automotive intelligent system and health care.

## **BYD**

BYD is a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Main Board of the Stock Exchange and the Shenzhen Stock Exchange. The BYD Group is principally engaged in automobile business which includes traditional fuel-engined vehicles and new energy vehicles, handset components and assembly services, as well as rechargeable battery and photovoltaic business, and is actively developing the urban rail transportation business segment by capitalising on its own technology strengths. BYD is ultimately controlled by Mr. Wang Chuan-Fu.

## **VII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising the independent non-executive Directors (namely Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie) has been established to advise the Independent Shareholders, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and their proposed New Caps.

## **VIII. DESPATCH OF CIRCULAR**

A circular containing, inter alia, (i) further details of the Non-exempt Continuing Connected Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the relevant New Caps; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 30 December 2021.

## **IX. DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Ancillary Services”	services such as telecommunication and computer network services and enterprise resources planning and office automation services provided by BYD Group to the Group pursuant to the New Comprehensive Services Master Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors or a duly authorized committee of the board of Directors
“BYD”	BYD Company Limited (比亞迪股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of the Stock Exchange and A shares are listed on the Main Board of the Shenzhen Stock Exchange

“BYD Group”	BYD and its subsidiaries (excluding, except where the context indicates otherwise, the Group)
“Company”	BYD Electronic (International) Company Limited (比亞迪電子(國際)有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing connected transaction(s) of the Group under Chapter 14A of the Listing Rules as set out in the section headed “II. Renewal of Continuing Connected Transactions” in this announcement
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, inter alia, the proposed New Caps and the agreements in respect of the Non-exempt Continuing Connected Transactions
“Exempt Continuing Connected Transaction(s)”	being those Continuing Connected Transactions for which the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules exceed 0.1% but do not exceed 5% and, accordingly, are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders’ approval requirement
“Existing Cap(s)”	the existing cap(s) (as applicable) for the Continuing Connected Transactions set out in the section headed “II. Renewal of Continuing Connected Transactions” in this announcement
“Existing Continuing Connected Transaction Agreement(s)”	the agreement(s) dated 26 November 2018 (as amended from time to time, including the amendments published in the announcements of the Company dated 19 March 2020, 23 July 2020 and 16 April 2021), the power supply services agreement dated 1 March 2019 and the batteries purchase agreement dated 6 August 2020 (as amended from time to time, including amendments published in the announcements of the Company dated 27 November 2020 and 13 August 2021) between the Group and BYD Group in respect of the existing Continuing Connected Transactions, the terms of which will expire on 31 December 2021

“Goods”	certain goods including automotive core components and special purpose electric vehicles to be purchased by the Group from the BYD Group pursuant to the New Automotive Core Components and Special Purpose Electric Vehicles Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie, being the independent non-executive Directors
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Automotive Core Components and Special Purpose Electric Vehicles Purchase Agreement”	the purchase agreement dated 8 December 2021 between the Company and BYD in relation to the purchase of Goods by the Group from the BYD Group
“New BE Processing Services Agreement”	the processing services agreement dated 8 December 2021 between the Company and BYD in relation to the provision of design services, processing services, testing services and research and development support by the Group to BYD Group
“New BYD Utility Services Master Agreement”	the utility services master agreement dated 8 December 2021 between the Company and BYD in relation to the provision of utility services by the BYD Group to the Group
“New Cap(s)”	annual cap(s) for the Continuing Connected Transactions for the three years ending 31 December 2024 set out in the section headed “II. Renewal of Continuing Connected Transactions” in this announcement
“New Comprehensive Services Master Agreement”	the comprehensive services master agreement dated 8 December 2021 in relation to the Ancillary Services
“New Continuing Connected Transactions”	the continuing connected transactions described under the section headed “II. Renewal of Continuing Connected Transactions” in this announcement

“New Continuing Connected Transaction Agreements”	the agreement(s) dated 8 December 2021 between the Group and BYD Group in respect of the New Continuing Connected Transactions, as more particularly set out in the section headed “II. Renewal of Continuing Connected Transactions” in this announcement
“New Processing Services Agreement”	the processing services agreement dated 8 December 2021 between the Company and BYD in relation to the provision of processing services by BYD Group to the Group
“New Property Leasing Framework Agreement”	the agreement dated 8 December 2021 between the Company and BYD in relation to the leasing of certain properties of the BYD Group to the Group
“New Purchase Agreement”	the purchase agreement dated 8 December 2021 between the Company and BYD in relation to the purchase of certain products by the Group from the BYD Group
“New Supply Agreement”	the supply agreement dated 8 December 2021 between the Company and BYD in relation to the supply of certain products by the Group to the BYD Group
“New Supply Chain Management Service Agreement”	the agreement dated 8 December 2021 between the Company and BYD Group in relation to the provision of purchasing services by BYD Group to the Group
“New Power Supply Services Agreement”	the power supply services agreement dated 8 December 2021 between the Company and BYD in relation to the provision of power supply services by the Group to the BYD Group
“Non-exempt Continuing Connected Transaction”	being the continuing connected transactions of the Group as contemplated under each of the New Supply Agreement and the New Purchase Agreement, for which the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules exceed 5%, and, accordingly, are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan

“Shares”	the ordinary shares in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board  
**BYD Electronic (International) Company Limited**  
**WANG Nian-qiang**  
*Director*

Hong Kong, 8 December 2021

*As at the date of this announcement, the Board consists of Mr. WANG Nian-qiang and Mr. JIANG Xiang-rong being the executive Directors, Mr. WANG Chuan-fu and Mr. WANG Bo being the non-executive Directors, and Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie being the independent non-executive Directors.*