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Electronics

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)

**CONTINUING CONNECTED TRANSACTION
REVISION OF EXISTING ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION**

REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement dated 8 December 2021 in relation to, among others, the Existing Agreement entered into between the Company and BYD.

On 16 October 2023 (after trading hours), the Company entered into the Supplemental Agreement with BYD to revise the Existing Annual Caps. Save for the revision of the Existing Annual Caps, all other terms and conditions under the Existing Agreement remain the same.

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 this announcement, BYD is a connected person of the Company. As such, the transactions under the Existing Agreement and the Supplemental Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As one or more of the applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the highest Revised Annual Caps exceed 0.1% but are less than 5%, the transactions contemplated under the Existing Agreement and the Supplemental Agreement and their Revised Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement dated 8 December 2021 in relation to, among others, the Existing Agreement entered into between the Company and BYD.

On 16 October 2023 (after trading hours), the Company entered into the Supplemental Agreement with BYD to revise the Existing Annual Caps. Save for the revision of the Existing Annual Caps, all other terms and conditions under the Existing Agreement remain the same. The principal terms of the Existing Agreement are set out in the section headed “I. Provision of power supply services by the Group to the BYD Group” in the announcement of the Company dated 8 December 2021.

THE SUPPLEMENTAL AGREEMENT

Agreement:	Power Supply Services Supplemental Agreement
Date:	16 October 2023
Parties:	1. The Company 2. BYD
Duration:	From 1 January 2023 to 31 December 2024, unless terminated earlier in accordance with the terms of the Existing Agreement.
Subject:	Pursuant to the Supplemental Agreement, the Existing Annual Caps under the Existing Agreement are revised as follows:

For the year ending 31 December 2023		For the year ending 31 December 2024	
<i>RMB'000</i>		<i>RMB'000</i>	
Existing annual cap	Revised annual cap	Existing annual cap	Revised annual cap
113,624	185,277	124,987	200,588

Save for the revision of the Existing Annual Caps to the Revised Annual Caps, all other terms and conditions under the Existing Agreement remain the same.

BASIS FOR THE DETERMINATION OF THE REVISED ANNUAL CAPS

The Revised Annual Caps under the Supplemental Agreement were determined primarily based on arm's length negotiations between the Company and BYD with reference to, among others:

- (i) the actual transaction amount incurred under the Existing Agreement from 1 January 2023 to 31 August 2023 was approximately RMB109,071,000, representing approximately 95.99% of the Existing Annual Caps for the year ending 31 December 2023; and
- (ii) the Group's plan to increase the supply of water, electricity and other resources to the BYD Group due to the increasing day-to-day operations and production needs of the BYD Group in the industrial hubs in regions such as Baolong in Shenzhen, Xi'an and Haojiang in Shantou, the PRC.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

Since 2023, the development momentum of the new energy vehicle business of BYD Group has continued to be strong with booming market sales and further improving overall capacity utilization. The accumulated supply of water and electricity by the Group for the daily production and operation of BYD Group as of 31 August 2023 has far exceeded expectation, based on which, the Board expected that the Existing Annual Caps under the Existing Agreement for the years ending 31 December 2023 and 2024 will be exceeded. Therefore, the Board proposed to revise the Existing Annual Caps under the Existing Agreement for the years ending 31 December 2023 and 2024. The Board was of the view that the Supplemental Agreement and the Revised Annual Caps for the years ending 31 December 2023 and 2024 will help to meet the new supply needs for water, electricity and other resources of BYD Group due to business growth.

The terms of the Existing Agreement and the Supplemental Agreement have been negotiated on an arm's length basis. The Directors, including the independent non-executive Directors, consider that the Existing Agreement and the Supplemental Agreement have been entered into in the ordinary and usual course of the business of the Company on normal commercial terms and the terms of the Existing Agreement and the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 training 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.

INFORMATION ON THE GROUP AND THE 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 Main Board of the Stock Exchange. Approximately 65.76% of the equity interests of the Company are 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 platform-based high-end manufacturing enterprise, providing customers with new 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. The Group engages in a wide variety of businesses ranging from smart phones, tablet PCs, new energy vehicles, smart home, game hardware, unmanned aerial vehicles, Internet of Things, robots, communication equipment, health devices to other diversified market areas.

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 Main Board of the Shenzhen Stock Exchange. The BYD Group is principally engaged in the automobile business, 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 technological superiority. BYD is ultimately controlled by Mr. WANG Chuan-fu, a non-executive Director of the Company.

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 this announcement, BYD is a connected person of the Company. As such, the transactions under the Existing Agreement and the Supplemental Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As one or more of the applicable percentage ratio(s) stipulated under Rule 14.07 of the Listing Rules in respect of the highest Revised Annual Caps exceed 0.1% but are less than 5%, the transactions contemplated under the Existing Agreement and the Supplemental Agreement and their Revised Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

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 this announcement. 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 Supplemental Agreement. Save for Mr. Wang Chuan-fu, no other Director has a material interest in the transaction contemplated under the Existing Agreement and the Supplemental Agreement.

The Company, being a non-wholly-owned subsidiary of BYD, is not a connected person of BYD under Rule 14A.16(1) of the Listing Rules as, to the best knowledge, information and belief of the Directors after making all reasonable enquiry, (a) none of the connected persons of BYD is or are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company; and (b) the Company is not an associate of the connected persons of BYD. Accordingly, the transactions contemplated under the Existing Agreement and the Supplemental Agreement do not constitute connected transactions for BYD under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Agreement”	the new power supply services agreement dated 8 December 2021 entered into between the Company and BYD in relation to the provision of electricity services by the Group to the BYD Group
“Existing Annual Cap(s)”	the existing annual cap(s) for the Existing Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan

“Revised Annual Cap(s)”	the annual caps for the years ending 31 December 2023 and 31 December 2024 under the Existing Agreement as revised by the Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares of the Company
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the power supply services supplemental agreement dated 16 October 2023 entered into between the Company and BYD to revise the Existing Agreement
“%”	per cent

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

Hong Kong, 16 October 2023

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.