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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)

**NEW CONTINUING CONNECTED TRANSACTIONS AND
REVISION OF EXISTING ANNUAL CAP FOR CONTINUING
CONNECTED TRANSACTIONS**

**Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders**



NEW CONTINUING CONNECTED TRANSACTIONS

On 6 August 2020 (after trading hours), the Company entered into the Batteries Purchase Agreement with BYD, pursuant to which the BYD Group agreed to supply batteries for certain new intelligent products produced by the Group in accordance with the terms and conditions thereunder.

**REVISION OF EXISTING ANNUAL CAP FOR CONTINUING CONNECTED
TRANSACTIONS**

Reference is made to the announcements of the Company dated 19 March 2020 and 26 May 2020 and the circular of the Company dated 11 June 2020 in respect of, among others, the supply of masks by the Group to the BYD Group in accordance with the Supply Framework Agreement (as amended and supplemented by the First Supplemental Agreement).

On 6 August 2020 (after trading hours), the Company entered into the Second Supplemental Agreement with BYD to further revise the Existing Annual Cap. Save for the revision of the Existing Annual Cap from RMB12,750,000,000 to RMB22,830,000,000, all other terms and conditions under the Supply Framework Agreement (as amended and supplemented by the First Supplemental 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, it is a connected person of the Company. As such, the transactions contemplated under each of the Batteries Purchase Agreement and the Second Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, respectively.

In relation to the Second Supplemental Agreement, pursuant to the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Batteries Purchase Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Batteries Purchase Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement as set out under Chapter 14A of the Listing Rules. Whereas the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Annual Cap are expected to continue to exceed 5%, the Masks Transactions are subject to the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company will convene the EGM to seek the Independent Shareholders' approval of the Second Supplemental Agreement and the Proposed Annual Cap. BYD and its associates will be required to abstain from voting on the relevant resolutions to be proposed at the EGM. An Independent Board Committee has been established to advise the Independent Shareholders, and Dakin Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Second Supplemental Agreement and the Proposed Annual Cap. It is expected that a circular containing, among others, further details of the Second Supplemental Agreement, the transactions contemplated thereunder and the Proposed Annual Cap, together with the recommendations of the Independent Board Committee in respect of the Second Supplemental Agreement and the Proposed Annual Cap, the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Second Supplemental Agreement and the Proposed Annual Cap will be dispatched to the Shareholders on or before 27 August 2020.

NEW CONTINUING CONNECTED TRANSACTIONS – THE BATTERIES PURCHASE AGREEMENT

Details of the Batteries Purchase Agreement are set out below:

Date

6 August 2020 (after trading hours)

Parties

(1) The Company

(2) BYD

Duration

6 August 2020 to 31 December 2021

Subject Matter

Pursuant to the Batteries Purchase Agreement, the BYD Group shall provide batteries according to the specifications as requested by the Group from time to time for certain new intelligent products produced by the Group from 6 August 2020 to 31 December 2021, unless terminated earlier in accordance with the terms of the Batteries Purchase Agreement.

Principal terms and price determination

The parties shall execute separate orders in accordance with the terms of the Batteries Purchase Agreement and must comply with the terms of the Listing Rules and applicable laws. 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 of not greater than 15%, 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 no such referable reference price is available. Members of the Group shall have the right to engage different suppliers, including the BYD Group, through bidding or price comparison process depending on the expected quantity and/or the specification of the batteries required.

In accordance with the Company's internal policies, the Group will conduct market price consultation for same or similar type of batteries required and other criteria (such as for same or comparable volume, delivery schedules, quality and terms) offered by its independent third party suppliers in the PRC and obtain at least two to three quotations, to ensure that the Group will only purchase the batteries from the BYD Group at prices not greater than the then prevailing market prices, unless no such referable reference price is available. 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. As the management of the Group will review the aforesaid pricing policy on a regular basis, the Directors are of the view that the aforesaid method and procedures can ensure that the transactions contemplated under the Batteries Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

Payment terms

Specific payment terms will be stipulated in the relevant order forms, which will generally be payable within 45 days from the date of invoice.

Annual Caps

The Company estimates that the transaction amounts under the Batteries Purchase Agreement shall not exceed RMB686,236,000 for the year ending 31 December 2020 and RMB850,000,000 for the year ending 31 December 2021, respectively, and such amounts have accordingly been set as the proposed annual caps. If the total transaction amounts under the Batteries Purchase Agreement are expected to exceed the annual cap(s), the Company will re-comply with the relevant requirements in accordance with the Listing Rules such as the publication of a further announcement or to seek approval from Independent Shareholders, if applicable.

The annual caps were determined based on arm's length negotiations between the Company and BYD with reference to, among others:

- (i) the historical transactions amount incurred by the Group for the purchase of similar batteries for the production of similar new intelligent products. For the year ended 31 December 2019, the purchase amount incurred by the Group for the purchase of similar batteries used for the production of similar intelligent products (mainly smart home equipment) by the Group was approximately RMB22,906,000;
- (ii) the demand and production plan of the new intelligent products by the Group. In particular, based on the forecast of International Data Corporation (IDC) published in December 2019, the smart home market in China will enter a phase of large-scale development in 2020. The Group has actively commenced the development and the test production stages of new intelligent products (mainly smart home equipment) since 2019. According to the development and production plan of the Group, it will require more batteries for the production of the aforementioned new intelligent products. At the same time, the Group expects that for the year ending 31 December 2021, the sales of the above new intelligent products will further increase when the Novel Coronavirus (COVID-19) pandemic eases; and
- (iii) the expected selling price of the batteries to be provided by the BYD Group taking into consideration, among others, the cost of production as estimated by the BYD Group and the maximum amount of batteries to be purchased by the Group.

REVISION OF EXISTING ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

The Supply Framework Agreement as amended and supplemented by The First Supplemental Agreement

Reference is made to the announcements of the Company dated 19 March 2020 and 26 May 2020 (the “**Previous Announcements**”) and the circular of the Company dated 11 June 2020 in respect of, among others, the supply of masks by the Group to the BYD Group in accordance with the Supply Framework Agreement and the First Supplemental Agreement.

On 19 March 2020, the Company entered into the Supply Framework Agreement for the supply of masks by the Group to the BYD Group for a term from 19 March 2020 to 31 December 2020, unless terminated earlier in accordance with the terms of the Supply Framework Agreement. Pursuant to the Supply Framework Agreement, the annual cap for the Masks Transactions for the year ending 31 December 2020 is RMB1,200,000,000.

Following the signing of the Supply Framework Agreement, as a result of the continuing and rapid spread of the COVID-19 pandemic across the globe and the unexpected rapid surge in demand of masks domestically and internationally, on 26 May 2020, the Company entered into the First Supplemental Agreement with BYD to expand the types of masks to be supplied (including but not limited to disposable medical masks and/or N95/KN95 masks), revise the then annual cap and amend the payment terms. At the extraordinary general meeting of the Company held on 29 June 2020, the Company obtained the approval of the then Independent Shareholders to approve the First Supplemental Agreement, the transactions contemplated thereunder and the Existing Annual Cap.

For details of the terms of the Supply Framework Agreement (as amended and supplemented by the First Supplemental Agreement), please refer to the Previous Announcements and the circular of the Company dated 11 June 2020.

The Second Supplemental Agreement

Following the signing of the First Supplemental Agreement, as a result of the further escalation of reported COVID-19 cases in many overseas countries and the tight supply of masks in the overseas market, there has been a further surge in demand of masks from BYD’s overseas stakeholders. On 6 August 2020 (after trading hours), the Company entered into the Second Supplemental Agreement with BYD to revise the Existing Annual Cap. Save for the revision of the Existing Annual Cap from RMB12,750,000,000 to RMB22,830,000,000, all other terms and conditions under the Supply Framework Agreement (as amended and supplemented by the First Supplemental Agreement) remain the same.

Details of the Second Supplemental Agreement are set out below:

Date

6 August 2020 (after trading hours)

Parties

- (1) The Company
- (2) BYD

Subject matter

Pursuant to the Second Supplemental Agreement, the Existing Annual Cap is amended to RMB22,830,000,000.

The Proposed Annual Cap

The Proposed Annual Cap was determined based on arm's length negotiations between the Company and BYD having considered, among others, the following factors and assumptions:

- (a) the historical transaction amounts. In particular, from the commencement date of the Supply Framework Agreement to 19 July 2020, the actual transaction amount incurred under the Supply Framework Agreement (as amended and supplemented by the First Supplemental Agreement) was approximately RMB11,895,000,000, representing approximately 93.29% of the Existing Annual Cap;
- (b) the increased production capacity of the Group, especially the further increase in production of N95/KN95 masks which have higher unit selling price(s)) as compared to that of the disposable medical masks sold and to be sold to the BYD Group and independent third party customers. As at 19 July 2020, the Group reached a daily production capacity of approximately 67,560,000 masks and it was expected that the Group would adjust such capacity flexibly according to customer's demand;
- (c) the strong and increasing demand of masks by the BYD Group, which has increased by approximately 77.42% in terms of the expected number of masks (including disposable medical masks and N95/KN95 masks) required since the date of the First Supplemental Agreement, as a result of a substantial surge in demand mainly from overseas stakeholders of the BYD Group (including employees, shareholders and/or investors, customers, suppliers, medical institutions, government authorities, industry associations, non-governmental organisations, media organisations and research/academic institutions), some of which are based in regions with relatively high level of COVID-19 infections recorded; and
- (d) the respective selling price of the disposable medical mask and N95/KN95 mask. For purpose of the calculation of the Proposed Annual Cap, the selling price of the disposable medical masks was assumed to decline while the selling price of N95/KN95 masks be stable taking into consideration, among others, the decline of the cost of production, especially raw material cost and the prevailing market supply and demand, and the historical transactions between the Group and the BYD Group under the Supply Framework Agreement (as amended and supplemented by the First Supplemental Agreement) and the transactions with independent third parties.

With the above considerations and assumptions, the Proposed Annual Cap was arithmetically arrived at based on the expected number of masks required (including both the disposable medical masks and N95/KN95 masks) as communicated with the BYD Group based on its communications and/or orders in negotiation and on hand with its stakeholders times the respective selling prices of the masks and added with the Existing Annual Cap. The Proposed Annual Cap represented an approximately 79.06% increase of the Existing Annual Cap as a result of the accumulated and compound effect of (i) the substantial increase in demand for masks; times (ii) the stable selling price of N95/KN95 masks which was higher than that of the disposable medical masks, despite the decline in the selling price of the disposable medical masks. Notwithstanding the substantial surge in the expected demand of masks, to the best information and belief of the Directors after having made all reasonable enquiries, the Board confirms that it would have all necessary capacity to produce the expected volume of masks required under the Second Supplemental Agreement.

As the Masks Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and the Proposed Annual Cap are subject to the approval of the Independent Shareholders, the Second Supplemental Agreement is conditional upon the relevant resolution(s) being passed at the EGM.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BATTERIES PURCHASE AGREEMENT AND THE SECOND SUPPLEMENTAL AGREEMENT

The Batteries Purchase Agreement

Based on market forecast, it was expected that the smart home market in China will enter a phase of large-scale development in 2020. The Group has actively commenced the development and the test production stages of new intelligent products since 2019. In 2020, the Group has made encouraging progress in seizing the growth opportunity in domestic and overseas markets of new intelligent products, and has expanded the relative customer scale. According to the development and production plan of the Group, it would require more batteries for the production of certain new intelligent products especially smart home equipment.

The Board believes that the batteries to be provided by the BYD Group pursuant to the Batteries Purchase Agreement can enable the Group to focus and enhance product quality and assembly services and reduce the capital expenditures and time required for developing and producing batteries (which were accessories to the abovementioned new intelligent products) so as to increase the market share of new intelligent products and further expand the customer base rapidly. Given the historical friendly business relationship between the Group and the BYD Group, the proximity of the factories and premises of the Group and the BYD Group, the mutual understanding of the parties' business practice and standard required, and the fact that the quality of the battery products of BYD Group are being recognised by the industry, the Group believes it is in the commercial interest of the Group to purchase the required batteries from the BYD Group to control procurement costs and minimise administrative costs in relation to the engagement of the supplier(s) and/or extra supervision and quality check of the required batteries.

The Directors (including the independent non-executive Directors) have confirmed that the Batteries Purchase Agreement and the transactions contemplated thereunder have been subject to arm's length negotiations between the parties and were entered into by the Group in the ordinary and usual course of business and on normal commercial terms, and are of the view that the Batteries Purchase Agreement and the annual cap(s) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Second Supplemental Agreement

As stated in the Previous Announcements, in response to the COVID-19 pandemic, the Group actively allocates resources and utilises its research and development and manufacturing advantage to set up new production lines to produce masks primarily for use by the employees of the Group and the BYD Group, local and overseas governmental and medical institutions, research institutions and communities, as well as certain customers, suppliers and business partners in order to prevent and minimise the spread of the pandemic, minimise disruption to the business operation of both the Group and the BYD Group and serve as a reflection of the Group's active performance of public corporate social responsibility.

Following the signing of the Supply Framework Agreement and the First Supplemental Agreement, as a result of the further escalation of reported COVID-19 cases in many overseas countries and the tight supply of masks in the overseas market, there has been a further surge in demand for masks from BYD's overseas stakeholders. Given the actual transaction amount incurred under the Supply Framework Agreement (as amended and supplemented by the First Supplemental Agreement) was approximately RMB11,895 million up to 19 July 2020, representing approximately 93.29% of the Existing Annual Cap and the Group expects that the Existing Annual Cap will be exceeded under the strong and increasing demand for masks by the BYD Group, the purpose of entering into the Second Supplemental Agreement is to primarily revise the Existing Annual Cap, so as to ensure that the Group and BYD Group can continue the Masks Transactions.

The Group had obtained all necessary licenses and/or approvals for the production of masks and hired additional supporting staff to develop additional masks production lines through the Group's experienced research and development capabilities without affecting our existing production capacity for electronic products. It is expected that Masks Transactions will continue to have no material adverse impact on the business operations and/or financial results of the Company.

The Board (excluding the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Adviser) are of the view that the entering into the Second Supplemental Agreement to cater for the expected significant increase in the Masks Transactions is beneficial as not only can it help provide positive contribution to the sales revenue and profitability of the Group, but it can also help prevent the spread of COVID-19, ensure the safe and orderly operation of all stakeholders and enhance common brand influence of both the Group and the BYD Group through their joint efforts to effectively alleviate mask shortage crisis and fulfill social responsibility.

The Board (excluding the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Adviser) have confirmed that the Second Supplemental Agreement and the transactions contemplated thereunder have been subject to arm's length negotiations between the parties and are entered into by the Group in the ordinary and usual course of business and on normal commercial terms, and are of the view that the Second Supplemental Agreement and the Proposed Annual Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will continue to review and supervise the transaction amounts in respect of the Batteries Purchase Agreement and the Second Supplemental Agreement going forward with a view to ensuring that necessary measures and appropriate actions will be promptly taken in order to comply with the applicable requirements under the Listing Rules.

INTERNAL CONTROL MEASURES

In addition to (i) our measures to ensure that pricing policy under each of the Batteries Purchase Agreement and the Second Supplemental Agreement will be complied with as detailed in the subparagraph headed “NEW CONTINUING CONNECTED TRANSACTIONS – THE BATTERIES PURCHASE AGREEMENT – Principal terms and price determination” in this announcement and the circular of the Company dated 11 June 2020 respectively; and (ii) our 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, to ensure the transactions contemplated under each of the Batteries Purchase Agreement and the Second Supplemental Agreement do not exceed the respective annual cap(s), the business department 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 transactions incurred and/or to be incurred under the Batteries Purchase Agreement or the Second Supplemental Agreement is expected to reach the relevant annual cap(s), the business department 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 cap(s) is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance with the requirements under the Listing Rules.

The Company also arranges compliance trainings for the Directors, 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 continuing connected transactions under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP AND THE BYD 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. Approximately 6.08% of the equity interests of the Company is owned by Gold Dragonfly Limited, a company incorporated in the British Virgin Islands and wholly-owned by BF Gold Dragon Fly (PTC) Limited as trustee of BF Trust, the beneficiaries of which are 28 employees of BYD, its subsidiaries and the Group. Approximately 0.76% of the equity interests of the Company is owned by Mr. Wang Nian-qiang, the executive Director, in his personal capacity and as beneficiary of BF Trust. Approximately 0.12% of the equity interests of the Company is beneficially owned by Mr. Wang Bo, the non-executive Director, as beneficiary of BF Trust. The Group is one of the world’s most competitive providers of design, components manufacturing and system products assembly services for electronic products, providing vertically integrated one-stop services to global leading brand manufacturers for mobile intelligent terminals.

BYD is a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Stock Exchange and the Shenzhen Stock Exchange. Based on public information available to the Directors, (i) approximately 19.00% of the entire equity interests of BYD is beneficially owned by Mr. Wang Chuan-fu, a non-executive Director and also an executive director and chairman of the board of directors of BYD; (ii) approximately 14.73% of the entire equity interests of BYD is beneficially owned by Mr. Lv Xiang-yang (a non-executive director of BYD) in his personal capacity and through Youngy Investment Holding Group Co., Ltd. (融捷投資控股集團有限公司) which is in turn held by Mr. Lv and his spouse; (iii) approximately 3.49% of the entire equity interests of BYD is beneficially owned by Mr. Xia Zuo-quan (non-executive director of BYD); (iv) approximately 0.70% of the entire equity interests of BYD is owned by Mr. Wang Nian-qiang, the executive Director; (v) approximately 8.25% of entire equity interests of BYD is owned by Berkshire Hathaway Energy Company (formerly known as MidAmerican Energy Holdings Company) which is controlled by Berkshire Hathaway Inc. (a company listed on the New York Stock Exchange); (vi) Citigroup Inc. (a company listed on the New York Stock Exchange) holds approximately 3.33% interests in BYD (approximately 1.88% as long position, approximately 0.46% as short position and approximately 0.99% as approved lending agent); and (vii) approximately 2.76% of the entire equity interests of BYD is owned by Himalaya Capital Investors, L.P. (formerly known as LL Investment Partners, L.P.) which is indirectly controlled by Li Lu. The BYD Group is principally engaged in rechargeable battery and photovoltaic business, handset components and assembly services, as well as automobile business which includes traditional fuel-engined vehicles and new energy vehicles and is actively developing the urban rail transportation business segment.

LISTING RULES REQUIREMENTS

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company, it is a connected person of the Company. As such, the transactions contemplated under each of the Batteries Purchase Agreement and the Second Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, respectively. In relation to the Second Supplemental Agreement, pursuant to the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. Mr. WANG Chuan-fu, being 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 19.00% 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 Batteries Purchase Agreement and the Second Supplemental Agreement.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Batteries Purchase Agreement are more than 0.1% but less than 5%, the transactions contemplated under the Batteries Purchase Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement as set out under Chapter 14A of the Listing Rules. Whereas the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Annual Cap of the Masks Transactions are expected to continue to exceed 5%, the Masks Transactions are subject to the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 each of the Batteries Purchase Agreement and the Second Supplemental Agreement do not constitute connected transactions for BYD under Chapter 14A of the Listing Rules.

GENERAL

The Company will convene the EGM to seek the Independent Shareholders' approval of the Second Supplemental Agreement, the transactions contemplated thereunder and the Proposed Annual Cap. BYD and its associates will be required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders, and Dakin Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Second Supplemental Agreement, the transactions contemplated thereunder and the Proposed Annual Cap. It is expected that a circular containing, among others, further details of the Second Supplemental Agreement, the transactions contemplated thereunder and the Proposed Annual Cap, together with the recommendations of the Independent Board Committee in respect of the Second Supplemental Agreement and the Proposed Annual Cap, the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Second Supplemental Agreement and the Proposed Annual Cap will be dispatched to the Shareholders on or before 27 August 2020.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Batteries Purchase Agreement”	the agreement dated 6 August 2020 between the Company and BYD in relation to the purchase of batteries by the Group from the BYD Group
“Board”	the board of Directors
“BYD”	BYD Company Limited (比亞迪股份有限公司), a company incorporated in the PRC whose H shares are listed on the Main Board of the 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 under the laws of 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
“Dakin Capital” or “Independent Financial Adviser”	Dakin Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and is the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Second Supplemental Agreement and the Proposed Annual Cap
“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, the Second Supplemental Agreement and the Proposed Annual Cap
“Existing Annual Cap”	the existing annual cap of RMB12,750,000,000 for the year ending 31 December 2020 for the transactions contemplated under the First Supplemental Agreement
“First Supplemental Agreement”	the supplemental agreement dated 26 May 2020 entered into between the Company and BYD to revise the Supply Framework 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 other than those who are required to abstain from voting on the resolution(s) at the EGM approving the Second Supplemental Agreement, the transactions contemplated thereunder and the Proposed Annual Cap
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Masks Transaction(s)”	the supply of masks by the Group to the BYD Group pursuant to the Supply Framework Agreement, First Supplemental Agreement and Second Supplemental Agreement which constitutes continuing connected transactions under Chapter 14A of the Listing Rules and for which the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules exceed 5%, and, accordingly, will be 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
“Proposed Annual Cap”	the proposed revised maximum amount of supplies to the BYD Group for the Masks Transactions for the year ending 31 December 2020 of RMB22,830,000,000, as amended by the Second Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the second supplemental agreement dated 6 August 2020 entered into between the Company and BYD to further revise the Supply Framework Agreement as referred to under the subsection headed “The Second Supplemental Agreement” of the section headed “Revision of Existing Annual Cap for Continuing Connected Transactions” of this announcement
“Shares”	the shares 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
“Supply Framework Agreement”	the agreement dated 19 March 2020 entered into between the Company and BYD in relation to the supply of masks from the Group to the BYD Group
“%”	per cent.

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

Hong Kong, 6 August 2020

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 non-executive Directors and Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie being the independent non-executive Directors.