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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 31 December 2012, 3 June 2014, 31 July 2014, 18 December 2014, 6 November 2015, 18 November 2016, 28 April 2017, 23 August 2017, 9 February 2018 and 16 April 2018, and the circulars of the Company dated 5 February 2013, 11 July 2014 and 7 December 2015, 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 2018, and the Company expects such transactions will continue thereafter, the Board announces that on 26 November 2018 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 Group is a connected person of the Company. Therefore, the transactions contemplated under the New Continuing Connected Transaction Agreements constitute Continuing Connected Transactions of 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 the Continuing Connected Transaction for the three years ending 31 December 2021 referred to in sub-section A in the section headed “II. Renewal of Continuing Connected Transactions” of this announcement exceed 5%, it constitutes Non-exempt Continuing Connected Transaction of the Company. The Non-exempt Continuing Connected Transaction and its 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 2021 respectively referred to in sub-sections B, 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 Transaction and its 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 12 December 2018.

## **I. INTRODUCTION**

Reference is made to the announcements of the Company dated 31 December 2012, 3 June 2014, 31 July 2014, 18 December 2014, 6 November 2015, 18 November 2016, 28 April 2017, 23 August 2017, 9 February 2018 and 16 April 2018, and the circulars of the Company dated 5 February 2013, 11 July 2014 and 7 December 2015, 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 2018, and the Company expects such transactions will continue thereafter, the Board announces that on 26 November 2018 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 Group 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 2021 referred to in sub-section A in the section headed “II. Renewal of Continuing Connected Transactions” of this announcement exceed 5%, it constitutes Non-exempt Continuing Connected Transaction of the Company. The Non-exempt Continuing Connected Transaction and its 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 2021 respectively referred to in sub-sections B, 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 the 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 Transaction and its 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 12 December 2018.

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:

Name of connected person	Connected person's relationship with the Group	Nature of the connected transaction with the Group
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 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) Sharing of Ancillary Services with the BYD Group</li> <li>(h) Provision of processing services by the Group to BYD Group</li> <li>(i) Provision of available-for-sale automotive core components and special purpose electric vehicles by BYD Group to the Group</li> <li>(j) Provision of glass products by the Group to BYD 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>2019</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>	<b>2021</b> <i>RMB'000</i>
(a) Supply of products by the Group to BYD Group <sup>#</sup>	2,274,779	2,823,811	3,451,879
(b) Purchase of products by the Group from BYD Group*	950,442	1,032,378	1,034,717
(c) Provision of utilities connection and/or utilities by BYD Group to the Group*	950,160	989,735	1,023,521
(d) Provision of processing services by BYD Group to the Group*	511,947	512,774	517,273
(e) Leasing of properties by BYD Group to the Group*	286,841	324,890	345,127
(f) Provision of purchasing services by BYD Group to the Group*	93,828	118,805	142,736
(g) Sharing of Ancillary Services with the BYD Group*	28,166	32,238	35,414
(h) Provision of processing services by the Group to BYD Group*	170,355	101,581	103,659
(i) Provision of available-for-sale automotive core components and special purpose electric vehicles by BYD Group to the Group*	298,160	421,169	522,569
(j) Provision of glass products by the Group to BYD Group*	310,000	320,000	330,000

*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 “\*”, 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 Transactions exceed 0.1% but do not exceed 5%.

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

Agreement:	New Supply Agreement
Date:	26 November 2018
Parties:	1. The Company 2. BYD
Duration:	1 January 2019 to 31 December 2021
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 Company'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:	As stipulated in the relevant order forms, which is normally payable within three months after delivery of the products

The table below summarises the Existing Caps for the three years ended 31 December 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Existing Caps	767,048	780,942	1,217,614

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended 31 December 2016 RMB'000 (approx.)</b>	<b>Year ended 31 December 2017 RMB'000 (approx.)</b>	<b>Nine months ended 30 September 2018 RMB'000 (approx.)</b>
Actual transaction amount	535,945	394,858	524,974

The Company estimates that the transaction amounts for the said Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB2,274,779,000, RMB2,823,811,000 and RMB3,451,879,000 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 2021; and (iii) the increase in production and operation capacity of the Group. According to BYD's 2018 interim report, the sales volume of new energy vehicles increased by 121.06% year on year and 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 2019.

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 2021 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 2021 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 by the Group from BYD Group**

Agreement:	New Purchase Agreement
Date:	26 November 2018
Parties:	<ol style="list-style-type: none"><li>1. The Company</li><li>2. BYD</li></ol>
Duration:	1 January 2019 to 31 December 2021
Subject:	The BYD Group agreed to supply materials used for production of handset casings, plastic structural materials, packaging materials and certain other products and materials to the Group
Price determination:	<p>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. The Group has already implemented a policy to request suppliers, including BYD Group and other independent third party suppliers, to provide quotations in respect of different 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. After receiving quotations, the Group will compare the price offered by BYD Group and other criteria (such as capability to meet the Group's delivery schedule and quality of products) with that of independent third party suppliers.</p> <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 Company's internal policies, the 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 the other independent third party suppliers, our Directors are of the view that the aforesaid method and procedures can ensure that the 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.</p>
Payment terms:	As stipulated in the relevant order forms, which is normally payable within three months after delivery of the products

The table below summarises the Existing Caps for the three years ended 31 December 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b> <i>RMB'000</i>	<b>2017</b> <i>RMB'000</i>	<b>2018</b> <i>RMB'000</i>
Existing Caps	1,095,472	1,122,585	1,208,486

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2016</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2017</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine</b> <b>months ended</b> <b>30 September</b> <b>2018</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	936,990	615,051	517,263

In view of the diverse variety of the assets required by the Group to meet its business needs, the transaction under the New Purchase Agreement will enable the Group to save time and costs in acquiring the assets 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 2021 will not exceed RMB950,442,000, RMB1,032,378,000 and RMB1,034,717,000 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 production of plastic structural materials business which had rapidly increased since the third quarter of 2018).

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 2021 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 2021 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of the Independent Shareholders, the New Purchase Agreement is unconditional.



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

Agreement:	New Utility Services Master Agreement
Date:	26 November 2018
Parties:	<ol style="list-style-type: none"><li>1. The Company</li><li>2. BYD</li></ol>
Duration:	1 January 2019 to 31 December 2021
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 shared 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 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: Generally within 90 days from the date of invoice

The table below summarises the Existing Caps for the three years ended 31 December 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b> <i>RMB'000</i>	<b>2017</b> <i>RMB'000</i>	<b>2018</b> <i>RMB'000</i>
Existing Caps	739,489	742,342	761,063

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2016</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2017</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine</b> <b>months ended</b> <b>30 September</b> <b>2018</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	381,128	601,707	536,750

The Company estimates that the transaction amounts for the said Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB950,160,000, RMB989,735,000 and RMB1,023,521,000, 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 glass parts, complete handset assembly and automotive electronics business of the Group in the next three years. In particular, the glass parts production business was a new line of business of the Group since 2017 which developed rapidly and was expected to increase the Group's usage of utilities in the future.

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 2021 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 2021 is an Exempt Continuing Connected Transaction and the proposed New Caps are not subject to the approval of the Independent Shareholders, the New Utility Services Master Agreement is unconditional.

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

Agreement: New Processing Services Agreement

Date: 26 November 2018

Parties: 1. The Company  
2. BYD

Duration: 1 January 2019 to 31 December 2021

Subject: BYD Group agreed to provide to the Group certain processing services for certain products of the Group (including handset metal parts) and facilities (including waste water treatment) of the Group whereby some steps in the production process of such facilities are further processed by BYD Group

Price determination: With reference to the costs of 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 which shall not exceed 15% (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 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 BYD Group. It is the Group's policy to obtain at least two or three quotations from service providers. After receiving the quotations, the Group will compare the fees offered by BYD Group and other criteria (such as capability to meet the Group's delivery schedule, quality and processing capacity) with that of independent third party service providers.

In accordance with the Company'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 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: Generally within 90 days from the date of invoice

The table below summarises the Existing Caps for the three years ending 31 December 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b> <i>RMB'000</i>	<b>2017</b> <i>RMB'000</i>	<b>2018</b> <i>RMB'000</i>
Existing Caps	505,615	534,077	602,856

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2016</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2017</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine</b> <b>months ended</b> <b>30 September</b> <b>2018</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	337,083	399,728	257,866

The Group will continue to engage BYD Group as the main provider of processing services for the three years ending 31 December 2021 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 machineries 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 2021 will not exceed RMB511,947,000, RMB512,774,000 and RMB517,273,000, 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; and (ii) the Group's business development and production capacity.

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 2021 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 2021 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: 26 November 2018

Parties:

1. BYD or any of its subsidiaries
2. The Company or any of its subsidiaries

Duration: 1 January 2019 to 31 December 2021

Subject: 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 its daily operations purposes.

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.

Price determination: The Company 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.

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 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b> <i>RMB'000</i>	<b>2017</b> <i>RMB'000</i>	<b>2018</b> <i>RMB'000</i>
Existing Caps	40,387	160,549	286,677

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2016</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2017</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine</b> <b>months ended</b> <b>30 September</b> <b>2018</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	39,323	136,472	146,434

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 2021, the Company expects that the transaction amounts of this Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB286,841,000, RMB324,890,000 and RMB345,127,000 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 2018, which is expected to be not to exceed RMB286,677,000; (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 metal parts and plastic structures businesses; and (iv) the expected rent pricing conditions in the PRC property leasing market for office and factory space.



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 2021 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 2021 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: 26 November 2018

Parties: 1. The Company  
2. BYD

Duration: 1 January 2019 to 31 December 2021

Subject: Pursuant to the terms of the New Supply Chain Management Service Agreement, BYD Group agrees to provide purchasing service to the Group. Under this arrangement, BYD Group will provide purchase order execution and logistic support to the Group, including but not limited to consolidation of purchase orders from the Group in respect of production equipment, machineries and raw materials for the Group's production of handset components and modules, 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 purchasing

Price determination: The total purchasing service fees payable per calendar year shall not exceed 0.5% 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 in a more efficient manner.

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 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b> <i>RMB'000</i>	<b>2017</b> <i>RMB'000</i>	<b>2018</b> <i>RMB'000</i>
Existing Caps	47,929	53,543	59,723

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended 31 December 2016 RMB'000 (approx.)</b>	<b>Year ended 31 December 2017 RMB'000 (approx.)</b>	<b>Nine months ended 30 September 2018 RMB'000 (approx.)</b>
Actual transaction amount	33,493	50,798	31,454

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB93,828,000, RMB118,805,000 and RMB142,736,000, 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 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, plastic structures and glass parts); (iii) the expenses to be incurred by 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 2021 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 Supply Chain Management Service Agreement is unconditional.

#### **G. Sharing of Ancillary Services with BYD Group**

Agreement:	New Comprehensive Services Master Agreement
Date:	26 November 2018
Parties:	1. The Company 2. BYD
Duration:	1 January 2019 to 31 December 2021
Subject:	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 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 BYD Group in providing such services, in the sense that the Group has to reimburse BYD Group for the portion of costs attributable to the Group according to the number of staff of the Group using the services, and to share all maintenance and repairing costs in relation to the relevant facilities. No markup will be made by BYD Group and it is purely on a reimbursement basis.

Price determination: On the basis of actual usage as recorded in the bills from telecommunication and computer network service providers. The Group also shared the maintenance and repairing costs in relation to the relevant 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 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: Generally within 90 days from the date of invoice

The table below summarises the Existing Caps for the three years ending 31 December 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b> <i>RMB'000</i>	<b>2017</b> <i>RMB'000</i>	<b>2018</b> <i>RMB'000</i>
Existing Caps	10,820	20,448	23,840

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2016</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2017</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine</b> <b>months ended</b> <b>30 September</b> <b>2018</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	10,078	16,918	16,959

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB28,166,000, RMB32,238,000 and RMB35,414,000, 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 2021.

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 2021 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 Comprehensive Services Master Agreement is unconditional.

**H. Provision of processing services by the Group to BYD Group**

Agreement: New BE Processing Services Agreement

Date: 26 November 2018

Parties: 1. The Company  
2. BYD

Duration: 1 January 2019 to 31 December 2021

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 and waste water treatment facilities

Price determination: With reference to the costs of the Company in provision of the relevant processing services plus a profit margin to be determined after arm's length negotiation between the Company 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 Company'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: Generally within 90 days from the date of invoice

Due to demand of BYD Group, BYD Group continues to require processing services and research and development support from the Group. The provision of such services and support by the Company to BYD Group, and the provision of the Group's new services in automation equipment design, can effectively drive the sale of the Group and help develop a new business area for the Group.

The table below summarises the Existing Caps for the three years ending 31 December 2018 for the Continuing Connected Transaction set out in this sub-section:

	<b>2016</b> <i>RMB'000</i>	<b>2017</b> <i>RMB'000</i>	<b>2018</b> <i>RMB'000</i>
Existing Caps	56,999	62,001	109,880

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the nine months ended 30 September 2018 (unaudited) for the Continuing Connected Transaction set out in this sub-section:

	<b>Year ended</b> <b>31 December</b> <b>2016</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Year ended</b> <b>31 December</b> <b>2017</b> <i>RMB'000</i> <i>(approx.)</i>	<b>Nine</b> <b>months ended</b> <b>30 September</b> <b>2018</b> <i>RMB'000</i> <i>(approx.)</i>
Actual transaction amount	39,551	48,094	31,101



The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB170,355,000, RMB101,581,000 and RMB103,659,000, 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. In particular, the proposed annual cap for the year ending 31 December 2019 is relatively larger than the proposed annual caps for the two years ending 31 December 2021 primarily due to the a greater demand of research and development support of automotive electronics as expected from the BYD Group for the year ending 31 December 2019.

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 2021 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 BE Processing Services Agreement is unconditional.

#### **I. 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:	26 November 2018
Parties:	1. The Company 2. BYD
Duration:	1 January 2019 to 31 December 2021
Subject:	Pursuant to the New 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 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 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 Director are of the view that the aforesaid methods and procedures can ensure that the Exempt Continuing Connected Transactions 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: The amount payable under each purchase order shall be satisfied by way of cash and paid within 12 months of delivery of the Goods.

Pursuant to the existing automotive components purchase agreement entered into between the Company and BYD dated 9 February 2018, the amount of the transactions contemplated thereunder is limited to RMB111,403,300 for the year ending 31 December 2018. The actual transaction amount (unaudited) involved in connection with the agreement from 9 February 2018 to 30 September 2018 amounted to approximately RMB49,222,000.

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB298,160,000, RMB421,169,000 and RMB522,569,000, 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 BYD Group and the Company primarily with reference to (i) the historical transaction amount; and (ii) the expected demand for the localised production of automobiles and after-sales services in the overseas market from the customers.

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 2021 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.

**J. Provision of glass products by the Group to BYD Group**

Agreement: New Glass Sales Agency Agreement

Date: 26 November 2018

Parties: 1. The Company  
2. BYD

Duration: 1 January 2019 to 31 December 2021

Subject: Pursuant to the New Glass Sales Agency Agreement, the Group shall supply glass casing products to BYD Group for its onward sales by agency to the overseas customers as designated by the Group. The Group will negotiate and enter into separate transactional arrangements with the overseas customers and supply to BYD Group the glass casing products to be purchased by the overseas customers. The Group will designate management personnel to supervise the sales agency of the glass casing products in the the overseas market. Specific instructions and details of the delivery of the goods including customer address details, settlement arrangement and the agreed price to be charged for the goods will be provided by the Group to BYD Group for its distribution on a case by case basis.

Price determination: The price of the glass casings supplied to BYD Group under the Glass Sales Agency Agreement shall be determined directly by the Group with its customers after negotiation, and BYD shall only be responsible for sales of products at the determined price.

Pursuant to the existing glass sales agency agreement entered into between the Company and BYD dated 16 April 2018, the amount of transactions contemplated thereunder is limited to RMB300,000,000 for the year ending 31 December 2018. The actual transaction amount (unaudited) involved in connection with the agreement from 16 April 2018 to 30 September 2018 amounted to approximately RMB158,882,000.

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the three years ending 31 December 2021 will not exceed RMB310,000,000, RMB320,000,000 and RMB330,000,000, 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 Group with reference to (i) the historical transaction amounts; (ii) the expected demand for glass casting products from the overseas customers; (iii) the Group's capacity to manufacture and supply glass casing products; and (iv) the expected overseas market price of glass casing 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 2021 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 Glass Sales Agency Agreement is unconditional.

### **III. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS ELABORATED**

The Group had been reinforcing its advantage 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 has expanded its supply of automotive electronics products to BYD Group which contributes additional income and profit to the Group. In view of the historical friendly relationship between the Company and BYD and the proximity of the factories and properties of the Group and 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 2021 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 2021 and to revise the annual caps of the transactions contemplated thereunder, so as to ensure that the Group and BYD Group can continue the existing transactions under the Existing Continuing Connected Transactions Agreements.

#### **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 and its subsidiaries are connected persons of the Company. Therefore, the transactions contemplated under the New Continuing Connected Transaction Agreements constitute Continuing Connected Transactions of the Group.

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 18.96% of the total issued share capital of BYD as at the date of the New Continuing Connected Transaction Agreements. Mr. WU Jing-sheng, a non-executive Director of the Company, is also the vice president and chief financial officer of BYD and is interested in approximately 0.16% of the total issued share capital of BYD as at the date of the New Continuing Connected Transaction Agreements. Accordingly, Mr. WANG Chuan-fu and Mr. WU Jing-sheng, being Directors who may have a material interest, have 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 Transactions) 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 Transactions) are of the view that 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 Transaction for the three years ending 31 December 2021 referred to in sub-section A in the section headed "II. Renewal of Continuing Connected Transactions" of this announcement exceed 5%, it constitutes Non-exempt Continuing Connected Transaction of the Company. The Non-exempt Continuing Connected Transaction and its 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 2021 respectively referred to in sub-section B, 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 the 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 Group is principally engaged in the business of the manufacture and sales of handset components and modules, the provision of handset design and assembly services, and the provision of parts and assembly services of other electronic products.

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 while taking advantage of its technological superiority to actively develop related business such as skyrail business.



## 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 Transaction and its proposed New Caps.

## VIII. DESPATCH OF CIRCULAR

A circular containing, inter alia, (i) further details of the Non-exempt Continuing Connected Transaction; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transaction; (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 Transaction and the relevant New Caps; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 12 December 2018.

## 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
“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 and A shares are listed on the Small and Medium Enterprise Board of 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 under the laws of Hong Kong, 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 New Supply Agreement in respect of the Non-exempt Continuing Connected Transaction
“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) 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 6 November 2015, 9 February 2018 and 16 April 2018 between the Group and BYD Group (as amended from time to time, including the amendments published in the announcements of the Company dated 18 November 2016, 28 April 2017, 23 August 2017 and 16 April 2018), in respect of the existing Continuing Connected Transactions, the terms of which will expire on 31 December 2018
“Glass Sales Agency Agreement”	the agreement dated 16 April 2018 between the Company and BYD as set out in the announcement of the Company dated 16 April 2018
“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 26 November 2018 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 26 November 2018 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 Cap(s)”	new cap(s) for the Continuing Connected Transactions 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 26 November 2018 between the Group and the BYD Group
“New Continuing Connected Transaction Agreement(s)”	the agreement(s) dated 26 November 2018 between the Group and BYD Group in respect of the Continuing Connected Transactions, as more particularly set out in the section headed “II. Renewal of Continuing Connected Transactions” in this announcement, which renewed and revised the terms of the Existing Continuing Connected Transaction Agreement(s) for three years ending on 31 December 2021
“New Processing Services Agreement”	the processing services agreement dated 26 November 2018 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 26 November 2018 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 26 November 2018 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 26 November 2018 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 26 November 2018 between the Company and BYD Group in relation to the provision of purchasing services by BYD Group to the Group
“New Utility Services Master Agreement”	the utility services master agreement dated 26 November 2018 between the Company and BYD
“Non-exempt Continuing Connected Transaction”	being the continuing connected transactions of the Group as contemplated under the New Supply 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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 26 November 2018

*As at the date of this announcement, the Board consists of Mr. WANG Nian-qiang and Mr. WANG Bo being the executive Directors, Mr. WANG Chuan-fu and Mr. WU Jing-sheng 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.*