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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)

CONNECTED TRANSACTION

On 4 January 2019, the Company entered into the Assets Purchase Agreement with BYD and the transaction thereunder constitutes connected transaction of the Company.

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 Assets Purchase Transaction constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Assets Purchase Transaction (after aggregation with the July 2018 Assets Purchase Transaction) exceed 0.1% but are less than 5%, the Assets Purchase Transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION

Details of the Assets Purchase Agreement are set out below:

THE ASSETS PURCHASE AGREEMENT

Date: 4 January 2019

Parties: The Company as purchaser

BYD as seller

Consideration: The total consideration for the assets which the BYD Group agreed to sell to the Group shall be equal to the unaudited net asset value of such assets as at the day of delivery and shall be payable by the Group to the BYD Group in cash.

As at 31 October 2018, the unaudited net asset value of the assets was approximately RMB30,310,000, which is expected to be subject to a downward adjustment as at the day of delivery of the assets due to depreciation accrued up to delivery.

The consideration was determined after arm's length negotiation between the parties by reference to the unaudited net book value of the assets as at 31 October 2018, depreciation of the assets to be accrued up to delivery, working conditions of the assets and current market value of assets of similar capability.

The consideration shall be financed by internal resources of the Group.

Assets acquired: Assets purchased by the Group from the BYD Group comprise primarily drilling and processing units (鑽削及加工組件), sanders (磨沙機), surface mount machines/system (貼片機), spray towers (噴霧塔) and other related equipment.

The aggregate original acquisition cost of the said assets paid by the BYD Group was approximately RMB65,331,000.

Delivery: Delivery shall take place within 30 days after (i) the execution of the Assets Purchase Agreement and (ii) the relevant approval (if required) has been obtained from the relevant PRC government authority, including the PRC customs authority (as the case may be).

Payment Term: The consideration shall be paid by the Group in cash within 60 days after delivery of the relevant assets by the BYD Group to the Group.

Completion: Completion for the purchase of the said assets will take place upon the payment in respect of such assets by the Group to the BYD Group, subject to the condition that the representations and warranties set forth in the Assets Purchase Agreement in relation to due and proper working conditions of the relevant assets remain true and accurate at that time.

REASONS FOR AND BENEFITS OF THE ASSETS PURCHASE TRANSACTION

In recent years, with the diversification of handset components, the Group has proactively developed in various related segments including glass and ceramics. The diversification of products has been progressing smoothly and requires strengthening of production capacity. As the businesses of the Group keep growing, the Group will further enhance the development and manufacture of new products so as to foster a new growth point. The Group has agreed to purchase relevant assets from BYD in order to rapidly expand production capacity and promote the growth of relevant business.

It is believed that the purchase of assets from the BYD is the fastest and more cost-effective way to expand the Group's product lines of business. Due to the proximity of the location of the Group and the BYD Group, the Group will benefit from reduced transportation cost and more convenient testing of the assets by purchasing the same from BYD.

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

INFORMATION ON THE GROUP AND THE 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 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 Assets Purchase Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. 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 18.96% of the total issued share capital of BYD as at the date of the Assets Purchase Agreement. Mr. WU Jing-sheng, who is a non-executive Director of the Company, is also the senior vice president and chief financial officer of BYD and is interested in approximately 0.15% of the total issued share capital of BYD as at the date of the Assets Purchase Agreement. 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 Assets Purchase Transaction.

As the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Assets Purchase Transaction (after aggregation with the July 2018 Assets Purchase Transaction) exceed 0.1% but less than 5%, the Assets Purchase Transaction is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement set out in 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 Assets Purchase Transaction does not constitute connected transaction for BYD under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Assets Purchase Agreement”	the purchase agreement dated 4 January 2019 entered into between the Company and BYD for the purchase of assets by the Group from the BYD Group;
“Assets Purchase Transaction”	the transaction contemplated under the Assets Purchase Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors or a duly authorised committee of the board of Directors;
“BYD Group”	BYD and its subsidiaries (excluding, except where the context indicates otherwise, the Group);
“BYD”	BYD Company Limited, a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of the Stock Exchange and A shares are listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange;
“Company”	BYD Electronic (International) Company Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“July 2018 Assets Purchase Transaction”	the transaction completed under the purchase agreement dated 27 July 2018 entered into between the Company and BYD, details of which were set out in the announcement of the Company dated 27 July 2018;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 4 January 2019

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.