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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)**

Website: <http://www.byd-electronic.com>

**CONTINUING CONNECTED TRANSACTIONS  
SUPPLEMENTAL LEASE AGREEMENTS  
NEW LEASE AGREEMENTS  
AND  
SUPPLEMENTAL COMPREHENSIVE SERVICES MASTER AGREEMENT**

Reference is made to the Announcement of the Company dated 6 November 2015 in relation to the renewal of certain continuing connected transactions of the Company including, among others, (i) the leasing of factories and premises by BYD Group to the Group pursuant to the Existing Lease Agreements; and (ii) the sharing of Ancillary Services with the BYD Group pursuant to the Existing Comprehensive Services Master Agreement.

The Board announces that on 28 April 2017, the Group entered into (i) the Supplemental Lease Agreements and the New Lease Agreements; and (ii) the Supplemental Comprehensive Services Master Agreement, with the 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 this announcement, each of BYD and its subsidiaries (being the associates of BYD) is a connected person of the Company. Therefore, the transactions contemplated under (i) the Supplemental Lease Agreements and the New Lease Agreements and (ii) the Supplemental Comprehensive Services Master Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the annual caps under (i) the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements (on an aggregate basis); and (ii) the Existing Comprehensive Services Master Agreement (as amended by the Supplemental Comprehensive Services Master Agreement), for the two years ending 31 December 2018 exceed 0.1% but do not exceed 5%, the Continuing Connected Transactions under (i) the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements (on an aggregate basis); and (ii) the Existing Comprehensive Services Master Agreement (as amended by the Supplemental Comprehensive Services Master Agreement), 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.

## I. INTRODUCTION

Reference is made to the Announcement of the Company dated 6 November 2015 in relation to the renewal of certain continuing connected transactions of the Company including, among others, (i) the leasing of factories and premises by BYD Group to the Group pursuant to the Existing Lease Agreements and (ii) the sharing of Ancillary Services with the BYD Group pursuant to the Existing Comprehensive Services Master Agreement.

The Board announces that on 28 April 2017, the Group entered into (i) the Supplemental Lease Agreements and the New Lease Agreements; and (ii) the Supplemental Comprehensive Services Master Agreement, with the BYD Group.

## II. CONTINUING CONNECTED TRANSACTIONS

### A. Leasing of factories and premises by BYD Group to the Group

As disclosed in the Announcement, the Group has entered into the Existing Lease Agreements with BYD Group. On 28 April 2017, the Group entered into the Supplemental Lease Agreements to such Existing Lease Agreements. A summary of the principal terms of the Supplemental Lease Agreements is set out below.

#### (i) *Supplemental Lease Agreements*

##### 1. *Supplemental Baolong Lease Agreement*

Pursuant to the Existing Baolong Lease Agreement entered into on 6 November 2015 between BYD and BYD Precision (an indirect wholly-owned subsidiary of the Company), BYD has agreed to lease to BYD Precision certain factory and office premises situated at 深圳市龍崗區寶龍工業園 (Baolong Industrial Park, Longgang District, Shenzhen\*) with an aggregate gross floor area of 282,245.76 square metres at a monthly rental of RMB1,975,720.32, settled on a quarterly basis, for a term commencing from 1 January 2016 to 31 December 2018.

On 28 April 2017, BYD and BYD Precision entered into the Supplemental Baolong Lease Agreement to adjust (i) the aggregate leasing area under the Existing Baolong Lease Agreement to a gross floor area of not exceeding 325,842.71 square metres; and (ii) the monthly rental to not exceeding RMB6,806,381.47, with effect from 1 May 2017.

Save as disclosed above, all other terms and conditions of the Existing Baolong Lease Agreement remain unchanged.

## 2. *Supplemental Huizhou Lease Agreement*

Pursuant to the Existing Huizhou Lease Agreement entered into on 6 November 2015 between BYD Huizhou (a 55% directly owned and 45% indirectly owned subsidiary of BYD) and Huizhou Electronic (an indirect wholly-owned subsidiary of the Company), BYD Huizhou has agreed to lease to Huizhou Electronic certain factory buildings situated at 惠州市大亞灣經濟技術開發區響水河 (Xiangshui River, Dayawan Economic Technology Development District, Huizhou\*) with an aggregate gross floor area of 82,442 square metres at a monthly rental of RMB577,094, settled on a quarterly basis, for a term commencing from 1 January 2016 to 31 December 2018.

On 28 April 2017, BYD Huizhou and Huizhou Electronic entered into the Supplemental Huizhou Lease Agreement to adjust (i) the aggregate leasing area under the Existing Huizhou Lease Agreement to a gross floor area of not exceeding 392,321.91 square metres; and (ii) the monthly rental to not exceeding RMB4,707,862.92, with effect from 1 May 2017.

Save as disclosed above, all other terms and conditions of the Existing Huizhou Lease Agreement remain unchanged.

## 3. *Supplemental Beijing Lease Agreement*

Pursuant to the Existing Beijing Lease Agreement entered into on 6 November 2015 between BYD Beijing (a 75.625% directly owned and 24.238% indirectly owned subsidiary of BYD) and BYD Precision (an indirect wholly-owned subsidiary of the Company), BYD Beijing has agreed to lease to BYD Precision certain premises situated at the 3rd and 4th floors and part of the 2nd floor of certain factory building at 北京市通州區科創東五街1號 (No. 1 Kechuang East Fifth Street, Tongzhou District, Beijing\*), with an aggregate area of approximately 7,105 square metres at a monthly rental of RMB76,023.50, settled on a monthly basis, for a term commencing from 1 January 2016 to 31 December 2018.

On 28 April 2017, BYD Beijing and BYD Precision entered into the Supplemental Beijing Lease Agreement to adjust (i) the aggregate leasing area under the Existing Beijing Lease Agreement to a gross floor area of not exceeding 6,911.38 square metres; and (ii) the monthly rental to not exceeding RMB138,227.60, with effect from 1 May 2017.

Save as disclosed above, all other terms and conditions of the Existing Beijing Lease Agreement remain unchanged.

#### 4. *Supplemental Xi'an Lease Agreement*

Pursuant to the Existing Xi'an Lease Agreement entered into on 6 November 2015 between BYD Auto (a 99% directly owned subsidiary of BYD) and BYD Xi'an (an indirect wholly-owned subsidiary of the Company), BYD Auto has agreed to lease to BYD Xi'an certain factory and premises situated at 西安市高新區新型工業園亞迪路二號 (2 Yadi Road, Xinxing Industrial Area, Gaoxin District, Xi'an City\*), with an aggregate area of approximately 43,911.38 square metres at a monthly rental of RMB658,670.70, settled on a monthly basis, for a term commencing from 1 December 2015 to 30 November 2018.

On 28 April 2017, BYD Auto and BYD Xi'an entered into the Supplemental Xi'an Lease Agreement to adjust (i) the aggregate leasing area under the Existing Xi'an Lease Agreement to a gross floor area of not exceeding 184,682.08 square metres; (ii) the monthly rental to not exceeding RMB3,693,641.60, with effect from the date of this Supplemental Lease Agreement; and (iii) the term of the lease to 31 December 2018. This Supplemental Lease Agreement shall be effective on 1 May 2017.

Save as disclosed above, all other terms and conditions of the Existing Xi'an Lease Agreement remain unchanged.

#### 5. *Supplemental Xi'an Land Lease Agreement*

Pursuant to the Existing Xi'an Land Lease Agreement entered into on 6 November 2015 between BYD Auto (a 99% directly owned subsidiary of BYD) and BYD Xi'an (an indirect wholly-owned subsidiary of the Company), BYD Auto has agreed to lease to BYD Xi'an certain land situated at 西安市高新區新型工業園亞迪路二號 (2 Yadi Road, Xinxing Industrial Area, Gaoxin District, Xi'an City\*), with an aggregate area of approximately 26,000 square metres at a monthly rental of RMB78,000, settled on a monthly basis, for a term commencing from 1 January 2016 to 31 December 2018.

On 28 April 2017, BYD Auto and BYD Xi'an entered into the Supplemental Xi'an Land Lease Agreement to adjust (i) the aggregate leasing area under the Existing Xi'an Land Lease Agreement to not exceeding 28,600 square metres and; (ii) the monthly rental to not exceeding RMB143,000, with effect from 1 May 2017.

Save as disclosed above, all other terms and conditions of the Existing Xi'an Land Lease Agreement remain unchanged.

The Group entered into the aforesaid Supplemental Lease Agreements under paragraphs (i) 1 to 5 above after comprehensively taking into consideration, among others, the change in business operation needs of the Group, the increase in rentals for factory, premises and land in relevant areas in the PRC, the difference between the current rental and the prevailing market price of leases of comparable factories and premises and land (as the case may be) in the relevant areas in the PRC, which is significantly higher than the rentals under the Existing Lease Agreements and the increase in BYD Group's costs and expenses in renting the relevant factories, premises and land (as the case may be) to the Group.

In determining the adjusted rentals under the Supplemental Lease Agreements, the Group made reference to market prices of leases of comparable factories, premises and land 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 properties) to determine whether the properties 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 Continuing Connected Transactions contemplated under the Supplemental Lease Agreements will be conducted on normal commercial terms or better to the Group and not prejudicial to the interests of the Company's minority Shareholders.

**(ii) *New Lease Agreements***

The Group has also entered into certain New Lease Agreements with the BYD Group. A summary of the principal terms of the New Lease Agreements is set out below.

**1. *Xi'an Additional Lease Agreement***

|           |   |
|-----------|---|
| Date:     | 28 April 2017   |
| Parties:  | <ol style="list-style-type: none"><li>1. BYD Auto, a 99% directly owned subsidiary of BYD</li><li>2. BYD Xi'an, an indirect wholly-owned subsidiary of the Company</li></ol>  |
| Duration: | 16 May 2017 to 31 December 2018   |
| Subject:  | Pursuant to this New Lease Agreement, BYD Auto has agreed to lease certain factory and premises situated at 西安市高新區新型工業園亞迪路二號 (2 Yadi Road, Xinxing Industrial Area, Gaoxin District, Xi'an City*) with an aggregate gross floor area of not exceeding 12,100 square metres to BYD Xi'an at a monthly rental of not exceeding RMB215,600 |

Price determination: The rental amount was determined based on arm's length negotiations between BYD Auto and BYD Xi'an with reference to the prevailing market price of leases of comparable factories and premises

Payment terms: Settled on a monthly basis

Such factory and premises are leased for the production and operation of the electronic manufacturing service projects of the Group.

## 2. *Shanghai Lease Agreement*

Date: 28 April 2017

Parties: 1. BYD Shanghai, a 75% directly owned and 25% indirectly owned subsidiary of BYD  
2. BYD Precision, an indirect wholly-owned subsidiary of the Company

Duration: 1 May 2017 to 31 December 2018

Subject: Pursuant to this New Lease Agreement, BYD Shanghai has agreed to lease certain factory and premises situated at the 2nd and 4th floors of certain factory building at 上海市松江區香涇路999號 (No. 999 Xiangjing Road, Songjiang District, Shanghai\*) with an aggregate gross floor area of not exceeding 3,096.68 square metres to BYD Precision at a monthly rental of not exceeding RMB61,933.60

Price determination: The rental amount was determined based on arm's length negotiations between BYD Shanghai and BYD Precision with reference to the prevailing market price of leases of comparable factories and premises

Payment terms: The rental shall be payable on a one-off basis within 15 days after the issue of invoice by BYD Shanghai

Such premises are leased for the purposes of office, design and experiment by the Group.

### 3. *Inner-Mongolia Lease Agreement*

|                      |  |
|----------------------|--|
| Date:                | 28 April 2017  |
| Parties:             | <ol style="list-style-type: none"><li>1. BYD Baotou, a 98.84% indirectly owned subsidiary of BYD</li><li>2. Baotao Electronic, an indirect wholly-owned subsidiary of the Company</li></ol>  |
| Duration:            | 1 May 2017 to 31 December 2018   |
| Subject:             | Pursuant to this New Lease Agreement, BYD Baotou has agreed to lease certain factory and premises, canteen and staff quarters situated at 內蒙古包頭裝備製造產業園區新規劃區建華北路18號 (No. 18 Jianhua North Road, Inner-Mongolia Baotou Equipment Manufacturing Industrial Park New Planning District*) with an aggregate gross floor area of not exceeding 55,936.75 square metres to Baotou Electronic at a monthly rental of RMB615,304.25 |
| Price determination: | The rental amount was determined based on arm's length negotiations between BYD Baotou and Boutao Electronic with reference to the prevailing market price of leases of comparable factories and premises  |
| Payment terms:       | Settled on a monthly basis   |

Such premises are leased for the production and operation of the mobile ancillary projects of the Group.

### 4. *Shaoguan Lease Agreement*

|          |   |
|----------|---|
| Date:    | 28 April 2017   |
| Parties: | <ol style="list-style-type: none"><li>1. BYD Shaoguan, a 98.84% indirectly owned subsidiary of BYD</li><li>2. Shaoguan Electronic, an indirect wholly-owned subsidiary of the Company</li></ol> |

Duration: 1 May 2017 to 31 December 2018

Subject: Pursuant to this New Lease Agreement, BYD Shaoguan has agreed to lease certain factory buildings situated at 韶關市濱江區工業園比亞迪大道1號 (1 BYD Avenue, Zhenjiang District Industrial Park, Shaoguan\*) with an aggregate gross floor area of not exceeding 58,886.54 square metres to Shaoguan Electronic at a monthly rental of not exceeding RMB412,205.78

Price determination: The rental amount was determined based on arm's length negotiations between BYD Shaoguan and Shaoguan Electronic with reference to the prevailing market price of leases of comparable factories and premises

Payment terms: The rental for the first two months shall be payable on or before 30 June 2017 and the rental thereafter shall be settled on a quarterly basis

Such premises are leased for the manufacturing of the Group.

#### 5. *Huizhou Additional Lease Agreement*

Date: 28 April 2017

Parties:

1. BYD Huizhou Battery, a 10% directly owned and 90% indirectly owned subsidiary of BYD
2. Huizhou Electronic, an indirect wholly-owned subsidiary of the Company

Duration: 1 May 2017 to 31 December 2018

Subject: Pursuant to the New Lease Agreement, BYD Huizhou Battery has agreed to lease certain factory buildings situated at 惠州市大亞灣經濟技術開發區響水河 (Xiangshui River, Dayawan Economic Technology Development District Huizhou\*) with an aggregate gross floor area of not exceeding 127,034.11 square metres to Huizhou Electronic at a monthly rental of not exceeding RMB1,524,409.32



Price determination: The rental amount was determined based on arm's length negotiations between BYD Huizhou Battery and Huizhou Electronic with reference to the prevailing market price of leases of comparable factories and premises

Payment terms: The rental for the first two months shall be payable on or before 30 June 2017 and the rental thereafter shall be settled on a quarterly basis

Such premises are leased for the manufacturing of the Group.

In determining the rental for the New Leases Agreements under paragraphs (ii) 1 to 5 above, the Group made reference to market prices of leases of comparable factories and 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 properties) to determine whether the properties were suitable for the Group in order to safeguard the interests of the Group. The Directors are of the view that the above mentioned methods and procedures can ensure that the Continuing Connected Transactions contemplated under the New Lease Agreements will be conducted on normal commercial terms or better and not prejudicial to the interest of the Company's minority Shareholders.

*Aggregate annual caps of the Existing Lease Agreements (as amended by the Supplemental Lease Agreements and the New Lease Agreements)*

The table below summarises the annual caps originally set for the Existing Lease Agreements for the two years ending 31 December 2018 as disclosed in the Announcement:

|               | <b>2017</b> | <b>2018</b> |
|---------------|-------------|-------------|
|               | <i>RMB</i>  | <i>RMB</i>  |
| Existing caps | 40,387,000  | 40,387,000  |

The table below summarises the actual transaction amounts involved for the three years ended 31 December 2016 (audited) under the Existing Lease Agreements:

|                           | <b>Year ended<br/>31 December<br/>2014</b> | <b>Year ended<br/>31 December<br/>2015</b> | <b>Year ended<br/>31 December<br/>2016</b> |
|---------------------------|--|--|--|
|                           | <i>RMB</i>                                 | <i>RMB</i>                                 | <i>RMB</i>                                 |
|                           | <i>(approx.)</i>                           | <i>(approx.)</i>                           | <i>(approx.)</i>                           |
| Actual transaction amount | 31,546,000                                 | 40,776,000                                 | 39,323,000                                 |

Based on (i) the aggregate rental amount paid/payable by the Group under the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) for the two years ending 31 December 2018, which is expected not to exceed RMB136,980,000 and RMB185,870,000, respectively; (ii) the rental amount payable by the Group under the New Lease Agreements for the two years ending 31 December 2018, which is expected not to exceed RMB22,527,000 and RMB33,953,000, respectively; and (iii) the assumption that the unit rental for each of the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements will remain unchanged for the two years ending 31 December 2018, the aggregate transaction amounts for the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements for the two years ending 31 December 2018 are expected not to exceed RMB159,507,000 and RMB219,823,000, respectively. Accordingly, such amounts have been set as the New Caps for the Continuing Connected Transactions under this subsection A for the two years ending 31 December 2018.

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

### ***Supplemental Comprehensive Services Master Agreement***

As disclosed in the Announcement, the Company entered into the Existing Comprehensive Services Master Agreement, pursuant to which BYD Group agreed to provide to the Group the Ancillary Services required for the Group's business operations for a term from 1 January 2016 to 31 December 2018.

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. The payments for this Continuing Connected Transaction are generally settled within 90 days from the date of invoice.

The relevant price is determined 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.

On 28 April 2017, the Company and BYD entered into the Supplemental Comprehensive Services Master Agreement, pursuant to which BYD Group shall provide the same services to the Group on the same terms for a term from 1 January 2016 to 31 December 2018. In view of the expansion of the business scope and increase in the number of staff of the Company using the Ancillary Services, and the expected increase in the demand for the Ancillary Services by the Company from BYD Group, the annual caps for the Continuing Connected Transactions under the this sub-section B for the two years ending 31 December 2018 shall be revised to RMB20,448,000 and RMB23,840,000, respectively. Save as disclosed above, all other terms and conditions of the Existing Comprehensive Services Master Agreement remain unchanged.

Our Directors are of the view that the aforesaid method and procedures can ensure that the Continuing Connected Transaction contemplated under the Existing Comprehensive Services Master Agreement (as amended by the Supplemental Comprehensive Services Master Agreement) will be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

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

|               | <b>2017</b> | <b>2018</b> |
|---------------|-------------|-------------|
|               | <i>RMB</i>  | <i>RMB</i>  |
| Existing Caps | 11,509,000  | 11,960,000  |

The table below summarises the actual transaction amounts involved for the three years ended 31 December 2016 (audited) for the Continuing Connected Transaction set out in this sub-section:

|                           | <b>Year ended<br/>31 December<br/>2014</b> | <b>Year ended<br/>31 December<br/>2015</b> | <b>Year ended<br/>31 December<br/>2016</b> |
|---------------------------|--|--|--|
|                           | <i>RMB</i>                                 | <i>RMB</i>                                 | <i>RMB</i>                                 |
|                           | <i>(approx.)</i>                           | <i>(approx.)</i>                           | <i>(approx.)</i>                           |
| Actual transaction amount | 4,066,000                                  | 7,563,000                                  | 10,078,000                                 |

The Company estimates that the transaction amounts for this Continuing Connected Transaction for the two years ending 31 December 2018 will not exceed RMB20,448,000 and RMB23,840,000, 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 expected expansion of the business scope and increase in the number of staff of the Company using the Ancillary Services; and (iii) the expected increase in the demand for the Ancillary Services by the Company from BYD to support the Group's business operations for the two years ending 31 December 2018.

### **III. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

The Group has continuously and actively considered different means to control or minimize its production costs, so as to maintain or enhance its competitiveness. Due to the historical friendly relationship between the Company and BYD and the proximity of the factories and premises of the Group and the BYD Group, the Directors (including the independent non-executive Directors) consider it beneficial to the Group to continue to conduct the Continuing Connected Transactions for each of the two years ending 31 December 2018 in order to ensure and maximize the operating efficiency and stability of the operations of the Company. In line with the expansion of the Group's operations and business, the Board considered that it would be commercially beneficial to the Group to rent additional factories and premises under the New Leases from BYD Group to increase its production capacity in the relevant regions; and it is commercially beneficial to the Group to continue to occupy the factories, premises and land under the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) in accordance with the Group's operation needs to avoid incurring unnecessary relocation costs and any potential disruption to the operation of the Group. Considering the close working relationship between the Group and BYD Group through various continuing connected transactions as set out in the Announcement, the proximity of the factories, premises and land under the Supplemental Lease Agreements and New Lease Agreement with those of BYD Group can allow the Group to benefit from reduction of transportation costs and delivery time.

To minimise transaction costs of the Group to independently engage third parties, the Group negotiated with BYD on arm's length basis for the provision of the Ancillary Services by the BYD Group to the Group, with an increased transaction amount in line with the expansion of the Group's business.

### **IV. IMPLICATIONS UNDER THE LISTING RULES**

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company as at the date of this announcement, each of BYD and its subsidiaries (being the associates of BYD) is a connected person of the Company. Therefore, the transactions contemplated under (i) the Supplemental Lease Agreements and the New Lease Agreements and (ii) the Supplemental Comprehensive Services Master Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Since the one or more of the applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the annual caps under (i) the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements (on an aggregate basis); and (ii) the Existing Comprehensive Services Master Agreement (as amended by the Supplemental Comprehensive Services Master Agreement), for the two years ending 31 December 2018 exceed 0.1% but do not exceed 5%, the Continuing Connected Transactions under (i) the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements (on an aggregate basis); and (ii) the Existing Comprehensive Services Master Agreement (as amended by the Supplemental Comprehensive Services Master Agreement), 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.

The Directors (including the independent non-executive Directors) considered the Continuing Connected Transactions contemplated under (i) the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements; and (ii) the Existing Comprehensive Services Master Agreement (as amended by the Supplemental Comprehensive Services Master Agreement) are in the ordinary and usual course of business of the Group 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 (including the independent non-executive Directors) 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.

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 this announcement. Mr. WU Jingsheng, 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 this announcement. Accordingly, Mr. WANG Chuan-fu and Mr. WU Jingsheng, 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.

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

The Company and its subsidiaries are principally engaged in the business of 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 and its subsidiaries are 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 business relating to the area of new energy products.

## **VI. DEFINITIONS**

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

|                     |   |
|---------------------|---|
| “Announcement”      | the announcement of the Company dated 6 November 2015 in relation to the renewal of certain continuing connected transactions of the Company; |
| “Baotou Electronic” | Baotou BYD Electronic Co., Limited* (包頭比亞迪電子有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;   |
| “Board”             | the board of Directors;   |

|                       |  |
|-----------------------|--|
| “BYD”                 | BYD Company Limited (比亞迪股份有限公司), a company incorporated in the PRC with limited liability and 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; |
| “BYD Auto”            | BYD Auto Company Limited* (比亞迪汽車有限公司), a company established in the PRC and a 99% directly owned subsidiary of BYD;  |
| “BYD Baotou”          | Baotou City BYD Mining Vehicles Company Limited* (包頭市比亞迪礦用車有限公司), a company established in the PRC and a 98.84% indirectly owned subsidiary of BYD;  |
| “BYD Beijing”         | Beijing BYD Mould Company Limited* (北京比亞迪模具有限公司), a company established in the PRC and a 75.625% directly owned and 24.238% indirectly owned subsidiary of BYD;  |
| “BYD Group”           | BYD and its subsidiaries (excluding, except where the context indicates otherwise, the Group);   |
| “BYD Huizhou”         | BYD (Huizhou) Company Limited* (惠州比亞迪實業有限公司), a company established in the PRC and a 55% directly owned and 45% indirectly owned subsidiary of BYD;  |
| “BYD Huizhou Battery” | Huizhou BYD Battery Company Limited* (惠州比亞迪電池有限公司), a company established in the PRC and a 10% directly owned and 90% indirectly owned subsidiary of BYD;  |
| “BYD Precision”       | BYD Precision Manufacture Company Ltd.* (比亞迪精密製造有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;  |
| “BYD Shanghai”        | Shanghai BYD Company Limited* (上海比亞迪有限公司), a company established in the PRC and a 75% directly owned and 25% indirectly owned subsidiary of BYD;   |
| “BYD Shaoguan”        | BYD (Shaoguan) Company Limited* (韶關比亞迪實業有限公司), a company established in the PRC and a 98.84% indirectly owned subsidiary of BYD;   |
| “BYD Xi’an”           | Xi’an BYD Electronic Co., Limited* (西安比亞迪電子有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;   |
| “Company”             | BYD Electronic (International) Company Limited (比亞迪電子(國際)有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Stock Exchange;  |

|  |  |
|--|--|
| “connected person(s)”                              | has the same meaning ascribed thereto under the Listing Rules;   |
| “Continuing Connected Transactions”                | the continuing connected transactions contemplated under (i) the Existing Lease Agreements (as amended by the Supplemental Lease Agreements) and the New Lease Agreements; and (ii) the Existing Comprehensive Services Master Agreement (as amended by the Supplemental Comprehensive Services Master Agreement) as set out in this announcement;             |
| “controlling Shareholder”                          | has the same meaning ascribed thereto under the Listing Rules;   |
| “Director(s)”                                      | the director(s) of the Company;  |
| “Existing Baolong Lease Agreement”                 | the lease agreement dated 6 November 2015 between BYD and BYD Precision as set out in the announcement of the Company dated 6 November 2015;   |
| “Existing Beijing Lease Agreement”                 | the lease agreement dated 6 November 2015 between BYD Beijing and BYD Precision as set out in the announcement of the Company dated 6 November 2015;   |
| “Existing Comprehensive Services Master Agreement” | the Comprehensive Services Master Agreement dated 6 November 2015 between BYD and the Company as set out in the announcement of the Company dated 6 November 2015;   |
| “Existing Huizhou Lease Agreement”                 | the lease agreement dated 6 November 2015 between BYD Huizhou and Huizhou Electronic as set out in the announcement of the Company dated 6 November 2015;  |
| “Existing Lease Agreements”                        | (i) the Existing Baolong Lease Agreement; (ii) the Existing Huizhou Lease Agreement; (iii) the Existing Beijing Lease Agreement; (iv) the Existing Xi’an Lease Agreement; and (v) the Existing Xi’an Land Lease Agreement, each dated 6 November 2015 between the BYD Group and the Group as set out in the announcement of the Company dated 6 November 2015; |
| “Existing Xi’an Land Lease Agreement”              | the land lease agreement dated 6 November 2015 between BYD Auto and BYD Xi’an as set out in the announcement of the Company dated 6 November 2015;   |
| “Existing Xi’an Lease Agreement”                   | the lease agreement dated 6 November 2015 between BYD Auto and BYD Xi’an as set out in the announcement of the Company dated 6 November 2015;  |
| “Group”  | the Company and its subsidiaries;  |

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| “Hong Kong”                            | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “Huizhou Additional Lease Agreement”   | the lease agreement dated 28 April 2017 between BYD Huizhou Battery and Huizhou Electronic;   |
| “Huizhou Electronic”                   | Huizhou BYD Electronic Co., Limited* (惠州比亞迪電子有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;                                |
| “Inner-Mongolia Lease Agreement”       | the lease agreement dated 28 April 2017 between BYD Baotou and Baotao Electronic;   |
| “Listing Rules”                        | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “New Cap(s)”                           | new cap(s) for the Continuing Connected Transactions as set out in the section headed “II. Continuing Connected Transactions” in this announcement                          |
| “New Lease Agreement(s)”               | the lease agreement(s) dated 28 April 2017 between the BYD Group and the Group as set out under the section headed “II. A. (ii) New Lease Agreements” in this announcement; |
| “RMB”                                  | Renminbi, the lawful currency of the PRC;   |
| “Shanghai Lease Agreement”             | the lease agreement dated 28 April 2017 between BYD Shanghai and BYD Precision;   |
| “Shaoguan Electronic”                  | Shaoguan BYD Electronic Co., Limited* (韶關比亞迪電子有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;                              |
| “Shaoguan Lease Agreement”             | the lease agreement dated 28 April 2017 between BYD Shaoguan and Shaoguan Electronic;   |
| “Shareholders”                         | the holders of shares of the Company;   |
| “Stock Exchange”                       | The Stock Exchange of Hong Kong Limited;  |
| “Supplemental Baolong Lease Agreement” | the supplemental agreement dated 28 April 2017 between BYD and BYD Precision in relation to the Existing Baolong Lease Agreement;   |
| “Supplemental Beijing Lease Agreement” | the supplemental agreement dated 28 April 2017 between BYD Beijing and BYD Precision in relation to the Existing Beijing Lease Agreement;                                   |



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| “Supplemental Comprehensive Services Master Agreement” | the supplemental agreement dated 28 April 2017 between the Company and BYD as set out in the section headed “II.B. Sharing of Ancillary Services with BYD Group”;                   |
| “Supplemental Huizhou Lease Agreement”                 | the supplemental agreement dated 28 April 2017 between BYD Huizhou and Huizhou Electronic in relation to the Existing Huizhou Lease Agreement;                                      |
| “Supplemental Lease Agreement(s)”                      | the lease agreement(s) dated 28 April 2017 between the BYD Group and the Group as set out under the section headed “II. A. (i) Supplemental Lease Agreements” in this announcement; |
| “Supplemental Xi’an Land Lease Agreement”              | the supplemental agreement dated 28 April 2017 between BYD Auto and BYD Xi’an in relation to the Existing Xi’an Land Lease Agreement;   |
| “Supplemental Xi’an Lease Agreement”                   | the supplemental agreement dated 28 April 2017 between BYD Auto and BYD Xi’an in relation to the Existing Xi’an Lease Agreement;  |
| “Xi’an Additional Lease Agreement”                     | the lease agreement dated 28 April 2017 between BYD Auto and BYD Xi’an; and   |
| “%”  | per cent.   |

\* *For identification purposes only*

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

Hong Kong, 28 April 2017

*As at the date of this notice, the executive directors are Mr. WANG Nian-qiang and Mr. WANG Bo; the non-executive directors are Mr. WANG Chuan-fu and Mr. WU Jing-sheng; and the independent non-executive directors are Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie.*