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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)

POSSIBLE MAJOR TRANSACTION
ACQUISITION FRAMEWORK AGREEMENT IN RELATION TO THE
ACQUISITION OF THE TARGET SHARES

INTRODUCTION

The Board is pleased to announce that on 26 August 2023, the Company and the Seller entered into the Acquisition Framework Agreement, pursuant to which the Seller has conditionally agreed to sell, and the Company has conditionally agreed to acquire (by itself or its designated affiliate) 100% of the equity interest in the Target Company at the Consideration of approximately RMB15.8 billion (equivalent to US\$2.2 billion) (subject to adjustments as set forth below).

Upon Closing, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

THE ACQUISITION FRAMEWORK AGREEMENT

Date

26 August 2023

Parties

- i. the Purchaser: the Company
- ii. the Seller: Jabil Circuit (Singapore) Pte. Ltd.

To the best of Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s), are Independent Third Parties.

Shares to be acquired

The Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire (by itself or its designated affiliate) the Target Shares, representing 100% equity interest in the Target Company, which will own the Business following the completion of the Reorganization. The Business primarily comprises the product manufacturing business in Chengdu and Wuxi, including the manufacturing of components for existing customers, as such activities are conducted by Seller and its affiliates.

Consideration

The Purchase Price shall be approximately RMB15.8 billion (equivalent to US\$2.2 billion), subject to the adjustments as specified in the paragraph headed “Adjustments to Purchase Price” immediately below. The Purchase Price was determined based on fair negotiations with reference to, among other things, the strategic fit with the Group’s business and Business’s growth prospects, potentially realisable by the implementation of strategic synergies arising from the Transactions.

Adjustments to Purchase Price

The Purchase Price will be subject to a customary completion accounts adjustment mechanism, with pre-closing and post-closing adjustments for cash, indebtedness and net working capital.

INFORMATION ON THE PURCHASER, SELLER AND TARGET COMPANY

Company or the Purchaser

The Company is a Hong Kong limited liability company, whose shares are listed on the main board of the Stock Exchange. It is a global leading platform-based high-end manufacturing enterprise, providing customers with new materials development, product design and development, parts and components as well as complete machine manufacturing, supply chain management, logistics, after-sales and other one-stop services. The Group engages in a wide variety of businesses ranging from smart phones, tablet PCs, new energy vehicles, smart home, game hardware, unmanned aerial vehicles, Internet of Things, robots, communication equipment, health devices to other diversified market areas.

The Seller

The Seller is a private company incorporated in Singapore. It is a subsidiary of Jabil Inc., a company listed on the New York Stock Exchange, which is a manufacturing solutions provider with over 250,000 employees across 100 locations in 30 countries. The principal business of Jabil Inc. includes design engineering, manufacturing and supply chain services for the EMS (Electronics Manufacturing Services) and consumer industries; and materials technology services (plastics, metals, automation and tooling). Jabil Inc. provides world’s leading brands with strong breadth and depth of end-market experience, technical and design capabilities, manufacturing know-how, supply chain insights and global product management expertise.

Target Company

The Target Company is a private company incorporated in Singapore with limited liability in August 2023. Upon completion of the Reorganization, it will own the Business. As the Target Company is a newly incorporated company and has not engaged in any business activity, the Target Company had no material assets and liabilities on its accounts as at the date of this announcement.

As at the date of this announcement, the Reorganization is still under negotiation between the parties and has not been finalised or effected. As such, the financial information of the Target Company and the Business according to Rule 14.58 of the Listing Rules is currently not available. Such information will be provided in the subsequent announcement of the Company in accordance with the Listing Rules, including the announcement to be published once the Definitive Agreements have been entered into.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that the Acquisition will broaden the Group's customer base and diversify its product portfolio, expand the business of smartphone components, significantly improve the Group's customer and product structure, further capitalize on market development opportunities, enhance the strategic layout of core component products, propel the industrial upgrading of the Group, and mark the beginning of a new cycle of rapid growth. While improving the Group's market share of products, the Acquisition will effectively synergize with the existing products of the Company, enhance the overall competitiveness, ensure long-term sustainable development, and create value for customers and shareholders.

The Directors consider that the terms of the Acquisition Framework Agreement are fair and reasonable, on normal commercial terms and are in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

While the Reorganization (including the financial information) of the Target Company is being prepared, and details of the Reorganization is still under discussion between the parties and yet to be finalized. Based on the limited information available to the Company, it is expected that, if the Acquisition materialised, based on the Consideration, one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 25% but is less than 100%. Accordingly, the Acquisition Framework Agreement and the transactions contemplated thereunder, if materialised, may constitute a major transaction for the Company, and are therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition Framework Agreement and the transactions contemplated thereunder. Therefore, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition Framework Agreement and the transactions contemplated thereunder.

Upon the Definitive Agreements are being entered into, a circular containing, among others, further details of the Acquisition, the financial and other information of the Target Company and/or the Business, and the unaudited pro forma financial information of the Enlarged Group will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only.

GENERAL

The Acquisition contemplated under the Acquisition Framework Agreement is subject to the completion of Reorganization, the execution of the Definitive Agreements and (if Definitive Agreements are executed) the satisfaction (or, if applicable, waiver) of various conditions precedent and as such, which may also be conditional upon fulfillment of a number of Closing Conditions, and therefore the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Further announcement(s) in relation to the Acquisition will be made by the Company in the event any material development and/or Definitive Agreements are entered into, if and when required by the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition Framework Agreement”	the preliminary acquisition agreement dated 26 August 2023 entered into between the Company and the Seller in respect of the sale and purchase of the Target Shares
“Board”	the board of Directors
“Business”	product manufacturing business located in Chengdu and Wuxi, including the manufacturing of components for existing customers, as such activities are conducted by the Seller and its affiliates
“Closing”	the consummation of the Transactions
“Closing Condition”	the conditions precedent in the Equity Purchase Agreement
“Company”	BYD Electronic (International) Company Limited (比亞迪電子(國際)有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Definitive Agreements”	the Equity Purchase Agreement and other related agreements which may be entered into by the Company or its designated affiliate and the Seller in relation to the Transactions

“Director(s)”	Director(s) of the Company
“Enlarged Group”	the Group and the Target Company upon completion of the Closing
“Equity Purchase Agreement”	the formal agreement which may be entered into by the Company or its designated affiliate and the Seller in relation to the sale and purchase of the Target Shares
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	independent third party(ies) not connected with the Company or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchase Price”	the purchase price of approximately RMB15.8 billion (equivalent to US\$2.2 billion) (subject to adjustments) for the Acquisition pursuant to the Acquisition Framework Agreement
“Reorganization”	the reorganization to be effected, which the Target Company will hold, through its wholly owned subsidiaries, all of the equity interests of operating entities which will hold the in-scope assets (other than intellectual property) related to the Business
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Jabil Circuit (Singapore) Pte. Ltd., company incorporated in Singapore and an Independent Third Party
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Juno Newco Target Holdco Singapore Pte. Ltd., a newly formed entity incorporated in Singapore, which will fully own the Business following the completion of the Reorganization
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	The entire issued share capital of the Target Company
“Transactions” or “Acquisition”	the conditional sale and purchase of the Target Shares in the Target Company as contemplated under the Acquisition Framework Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 28 August 2023

As at the date of this announcement, the Board consists of Mr. WANG Nian-qiang and Mr. JIANG Xiang-rong being the executive directors, Mr. WANG Chuan-fu and Mr. WANG Bo being the non-executive directors and Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie being the independent non-executive directors.

For the purpose of illustration only and unless otherwise stated, conversion of US\$ into RMB in this announcement is based on the exchange rate of US\$1.00 to RMB7.1883. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.