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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>

ANNOUNCEMENT
CONNECTED TRANSACTION
IN RELATION TO
EXTENSION OF ENTRUSTED LOAN PROVIDED BY BYD PRECISION
MANUFACTURE CO., LTD. TO BYD COMPANY LIMITED

Reference is made to the announcement of the Company dated 9 September 2011 and 15 September 2011 and the circular of the Company dated 28 September 2011, in relation to, amongst others, the Entrusted Loan Agreement. Pursuant to the Entrusted Loan Agreement, BYD Precision entrust among others, the Bank to lend the Original Entrusted Loans to BYD for a term of 36 months commencing from the date of drawdown of the Original Entrusted Loans on 29 November 2011. As the term of the Original Entrusted Loans will expire on 28 November 2014, BYD Precision, BYD and the Bank entered into the Entrusted Loan Extension Agreement on 21 November 2014 to extend the maturity date of the Original Entrusted Loans in an amount of RMB400 million for a further term of 36 months from 28 November 2014.

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 Entrusted Loan Extension Agreement 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 23.05% of the total issued share capital of BYD as at the date of the Entrusted Loan Extension Agreement. Mr. WU Jing-sheng, who is a non-executive Director of the Company, is also the vice president and chief financial officer of BYD and is interested in approximately 0.18% of the total issued share capital of BYD as at the date of the Entrusted Loan Extension 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 Entrusted Loan Extension Agreement.

As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the extension of the Entrusted Loan under the Entrusted Loan Extension Agreement exceed 0.1% but less than 5%, the Entrusted Loan Extension Agreement is subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 9 September 2011 and 15 September 2011 and the circular of the Company dated 28 September 2011, in relation to, amongst others, the Entrusted Loan Agreement. Pursuant to the Entrusted Loan Agreement, BYD Precision entrust among others, the Bank to lend the Original Entrusted Loans for a term of 36 months commencing from the date of drawdown of the Original Entrusted Loans on 29 November 2011. As the term of the Original Entrusted Loans will expire on 28 November 2014, BYD Precision, BYD and the Bank entered into the Entrusted Loan Extension Agreement on 21 November 2014 to extend the maturity date of the Original Entrusted Loans in an amount of RMB400 million for a further term of 36 months from 28 November 2014.

ENTRUSTED LOAN EXTENSION AGREEMENT

(1) Date

21 November 2014

(2) Parties

Lender: BYD Precision

Borrower: BYD

Lending Agent: Bank

(3) Extension of the Entrusted Loans

According to the Entrusted Loan Extension Agreement, the maturity date of the Original Entrusted Loans in an amount of RMB400 million will be extended to a day falling on 36 months after the original maturity date of the Entrusted Loan Agreement. Therefore, the maturity date of the Original Entrusted Loans in an amount of RMB400 million will be extended to 28 November 2017, being 36 months after the original maturity date on 28 November 2014.

The interest rate during the extension period under the Entrusted Loan Extension Agreement is at a fixed interest rate equivalent to the RMB benchmark interest rate for 3-year term loans effective on 29 November 2014 as announced by the People's Bank of China.

(4) Repayment schedule of the principal of the Entrusted Loans

One-off repayment of the principal by BYD on its maturity, subject to early repayment as demanded by BYD Precision or opted by BYD.

(5) Payment schedule of interests of the Entrusted Loan

Interests for the Entrusted Loan shall be settled by BYD on a monthly basis.

(6) Handling charge

The handling charge for arranging the extension of the Entrusted Loan under the Entrusted Loan Extension Agreement is calculated at 0.02% of the total principal amount of the Entrusted Loan. BYD Precision shall pay the handling charge on a one-time basis to the Bank when the Entrusted Loan is released to BYD.

Save and except for such terms and conditions as amended by the Entrusted Loan Extension Agreement (including the maturity date and the new applicable interest rate), the other terms of the Entrusted Loan Agreement shall continue to be in force.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As more particularly set out in the Company's circular dated 28 September 2011, the Original Entrusted Loans were intended to enable the Group to enhance the return on its surplus cash resources.

As at 30 June 2014, the Group had cash and bank balances of approximately RMB2,074 million. Based on the evaluation of the cashflow under contractual commitment of the Group and its business development plan, the Directors (including independent non-executive Directors) are satisfied that the Company will have enough cash to meet its needs for daily operation and capital expenditures. Further, BYD Precision could exercise its right to demand BYD to repay all or any part of the outstanding principal amount of the Entrusted Loans and accrued interest before the maturity of the Entrusted Loans by serving 3-month notice on BYD.

The RMB benchmark interest rate for 3-year term loans announced by the People's Bank of China as at the date of this announcement is 6.15% per annum. The surplus cash of the Group is generally placed at banks as demand deposit or time deposit for up to 3-month term with deposit interest rate of up to 2.60% per annum as stipulated by the People's Bank of China. Therefore, BYD Precision is expected to enjoy a premium of 3.55% per annum over the 3-month time deposit interest rate and the extension of the Entrusted Loans will enable the Group to enhance the return on its surplus cash resources.

The terms of the Entrusted Loan Extension Agreement, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors consider that the extension of the Entrusted Loan, and Entrusted Loan Extension Agreement would be beneficial to the Group in terms of return and risk control, and that the Entrusted Loan Extension Agreement is on normal commercial terms which are fair and are reasonable and in the interests of the Company and its shareholders as a whole.

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, and the provision of handset assembly services and the provision of parts and assembly services of other electronic products.

The BYD Group is principally engaged in the manufacture and sale of rechargeable batteries, electro-mechanical parts for electronic devices and handsets as well as automobiles.

LISTING RULES IMPLICATIONS

As BYD is the controlling Shareholder of the Company indirectly interested in approximately 65.76% of the issued share capital of the Company, it is a connected person of the Company. As such, the Entrusted Loan Extension Agreement 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 23.05% of the total issued share capital of BYD as at the date of the Entrusted Loan Extension Agreement. Mr. WU Jing-sheng, who is a non-executive Director of the Company, is also the vice president and chief financial officer of BYD and is interested in approximately 0.18% of the total issued share capital of BYD as at the date of the Entrusted Loan Extension 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 Entrusted Loan Extension Agreement.

As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the extension of the Entrusted Loan under the Entrusted Loan Extension Agreement exceed 0.1% but less than 5%, the Entrusted Loan Extension Agreement is subject to the reporting and announcement requirements but are 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 extension of the Entrusted Loan does not constitute a 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:

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| “Bank” | licensed bank in the PRC entrusted by BYD as lending agent to make the Entrusted Loan, which to the best of the knowledge, information and belief of the Board, and having made all reasonable enquires, is independent third party who is independent of and not connected with the directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates |
| “Board” | the board of directors of the Company |
| “BYD” | BYD Company Limited (比亞迪股份有限公司), a joint stock limited company incorporated in the PRC whose H shares are listed on the Main Board of the Stock Exchange and A shares are listed on Shenzhen Stock Exchange, and 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 |

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| “BYD Group” | BYD and its subsidiaries (excluding, except where the context indicates otherwise, the Group) |
| “BYD Precision” | BYD Precision Manufacture Co., Ltd.* (比亞迪精密製造有限公司), an indirect wholly owned subsidiary of the Company incorporated in the PRC |
| “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 |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Directors” | the directors of the Company |
| “Entrusted Loan” | the Original Entrusted Loan in an amount of RMB400 million arranged by the Bank subject to the terms and conditions of the Entrusted Loan Agreement |
| “Entrusted Loan Agreement” | the entrustment loan agreement dated 23 November 2011 involving among others, BYD Precision, BYD and the Bank in relation to BYD Precision entrusting among others, the Bank to arrange the Original Entrusted Loan to BYD |
| “Entrusted Loan Extension Agreement” | the entrustment loan extension agreement dated 21 November 2014 entered into by BYD Precision, BYD and the Bank |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Original Entrusted Loan” | the original entrusted loan of a total principal amount of up to RMB1 billion from BYD Precision as lender to BYD as borrower through among others, the Bank as one of the entrusted lending agents |
| “PRC” | the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan) |

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| “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 |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

By order of the board of
BYD Electronic (International) Company Limited
Li Ke
Director

Hong Kong, 21 November 2014

As at the date of this announcement, the executive Directors are Ms. LI Ke and Mr. SUN Yi-zao, 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. LIANG Ping.

For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.25. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

* *English translations of the names are provided for ease of reference only and they are not official English names of the companies and authorities concerned*