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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>

**CONNECTED TRANSACTIONS**

On 30 November 2011, the Company entered into the Assets Sale Agreement and the Assets Purchase Agreement with BYD and the Transactions thereunder constitute connected transactions 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 Sale Transaction and the Assets Purchase Transaction constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as stipulated under Rule 14.07 of the Listing Rules in respect of each of the Assets Sale Transaction (after aggregation with the May 2011 Assets Sale Transaction) and the Assets Purchase Transaction (after aggregation with the May 2011 Business Transfer Transaction and the May 2011 Assets Purchase Transaction) are all more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules.

## CONNECTED TRANSACTIONS

Details of the Assets Sale Agreement and the Assets Purchase Agreement are set out below:

### 1. THE ASSETS SALE AGREEMENT

Date: 30 November 2011

Parties: BYD as purchaser

The Company as seller

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

As at 31 October 2011, the unaudited net asset value of the assets was approximately RMB6,614,650, 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 2011, depreciation of the assets to be accrued up to delivery, working conditions of the assets and current market value of assets of similar capability.

Since the total consideration payable by the BYD Group under the Assets Sale Agreement shall be equal to the unaudited net asset value of relevant assets as at the day of delivery, there is no significant gain or loss accrued to the Company from the sale. The proceeds from the sale will be used as general working capital of the Group.

Assets sold: Assets sold by the Group to the BYD Group comprise production equipments such as injection molding machines (注塑機), robots (機械手) and punch machines (沖床).

The aggregate original acquisition cost of the said assets paid by the Group was approximately RMB16,000,720.

- Delivery: Delivery shall take place by the end of the calendar month immediately after (i) the Assets Sale Agreement was signed or (ii) relevant approval (if required) have been obtained from the relevant PRC authority, including the PRC customs authority (as the case may be).
- Payment Term: The consideration shall be paid by the BYD Group in cash within 60 days after delivery of relevant assets by the Group to the BYD Group.
- Completion: Completion for the sale of the said assets will take place upon the payment in respect of such assets by the BYD Group to the Group, subject to the condition that the representations and warranties set forth in the Assets Sale Agreement in relation to due and proper working conditions of the relevant assets remain to be true and accurate upon completion.

## **2. THE ASSETS PURCHASE AGREEMENT**

- Date: 30 November 2011
- 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 2011, the unaudited net asset value of the assets was approximately RMB36,671,800, 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 2011, 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 production equipments such as Machining Center (加工中心), Milling Machine (銑床) and certain equipments for inspection. The original acquisition cost of which paid by the BYD Group was approximately RMB41,070,740.
- Delivery: Delivery shall take place by the end of the calendar month immediately after (i) the Assets Purchase Agreement was signed or (ii) relevant approval (if required) have been obtained from the relevant PRC 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 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 TRANSACTIONS**

The Group has continuously and actively considered different means to control or minimise its production costs, so as to maintain or enhance its competitiveness. It is believed that the proposed transfers will allow the Group to further better allocate its resources and increase the overall utilization rate of its assets and hence reduce its production costs.

In the course of evaluating the utilization rate and production capacity of the Group, it is considered that some assets of the Group have not been effectively utilized, and these assets are commonly used in the manufacture industry. Such assets, if retained by the Group, will increase the maintenance cost to the Group. It is believed that it would be economical and beneficial to the Group to dispose these assets at reasonable prices. The Company negotiated with BYD on arm's length basis and it is agreed that the assets to be sold under the Assets Sale Agreement are useful to the BYD Group for its business. Such transfer is expected to lead to an enhancement in the overall utilization of the resources of the Group and the BYD Group.

In relation to the proposed purchase of assets by the Group from the BYD Group, since the current assets are not sufficient to meet the Group's needs in respect of its business, the Group intends to acquire additional assets to accommodate such needs. To further minimise short-term capital commitment and transaction costs of the Group to buy relevant assets, the Group negotiated with BYD on arm's length basis for acquisition of the assets under the Assets Purchase Agreement, which have not been effectively utilized by the BYD Group. Further, 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 the BYD Group.

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

The BYD Group is principally engaged in the manufacture and sales of (a) rechargeable batteries, (b) electro-mechanical parts for electronic devices and handsets, and (c) automobiles.

## **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, each of the Assets Sale Transaction and 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 BYD and is interested in approximately 24.24% of the total issued share capital of BYD as at the date of the Assets Sale Agreement and Assets Purchase Agreement. Mr. WU Jing-sheng, who is a non-executive Director of the Company, is also the vice president, chief financial officer and board secretary of BYD and is interested in

approximately 0.5% of the total issued share capital of BYD as at the date of the Assets Sale Agreement and Assets Purchase Agreement. Accordingly, both Mr. WANG Chuan-fu and Mr. WU Jing-sheng have abstained from voting on the board resolutions of the Company concerning the Transactions.

The Company, being a non wholly-owned subsidiary of BYD, is not a connected person of BYD under Rule 14A.11(5) 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, none of the Assets Sale Transaction and the Assets Purchase Transaction constitutes a connected transaction of BYD under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as stipulated under Rule 14.07 of the Listing Rules in respect of each of the Assets Sale Transaction (after aggregation with the May 2011 Assets Sale Transaction) and the Assets Purchase Transaction (after aggregation with the May 2011 Business Transfer Transaction and the May 2011 Assets Purchase Transaction) are all more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules.

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

## **DEFINITIONS**

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

“Assets Purchase Agreement”	the purchase agreement dated 30 November 2011 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

“Assets Sale Agreement”	the sale agreement dated 30 November 2011 entered into between the Company and BYD for the sale of assets by the Group to the BYD Group
“Assets Sale Transaction”	the transaction contemplated under the Assets Sale 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
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“May 2011 Assets Purchase Transaction”	the transaction contemplated under the purchase agreement dated 31 May 2011 entered into between the Company and BYD for the purchase of assets by the Group from the BYD Group, details of which were set out in the announcement of the Company dated 31 May 2011
“May 2011 Assets Sale Transaction”	the transaction contemplated under the sale agreement dated 31 May 2011 entered into between the Company and BYD for the sale of assets by the Group to the BYD Group, details of which were set out in the announcement of the Company dated 31 May 2011

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“May 2011 Business Transfer Transaction”	the transaction contemplated under the transfer agreement relating to the lens business entered into between Huizhou BYD Electronic Company Limited, a wholly owned subsidiary of the Company, and BYD (Huizhou) Company Limited, a wholly owned subsidiary of BYD, details of which were set out in the announcement of the Company dated 30 May 2011
“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)
“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
“Transactions”	the Assets Sale Transaction and/or the Assets Purchase Transaction (as the case may be)
“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, 30 November 2011

*As at the date of this announcement, the Board consists of Ms. LI Ke and Mr. SUN Yi-zao being the executive Directors, Mr. WANG Chuan-fu and Mr. WU Jing-sheng being non-executive Directors and Mr. CHAN Yuk-tong, Mr. Antony Francis MAMPILLY and Mr. LIANG Ping being the independent non-executive Directors.*