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比亞迪股份有限公司
BYD COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1211)

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

VOLUNTARY ANNOUNCEMENT

**RESTRUCTURING OF THE CONTROLLED SUBSIDIARY AND
INTRODUCTION OF STRATEGIC INVESTORS**

This announcement is made voluntarily by BYD Company Limited (the “**Company**” together with its subsidiaries, the “**Group**”) to inform the shareholders of the Company and potential investors of the latest news of business development of the Group.

Reference is made to the announcement of the Company dated 14 April 2020 in relation to the restructuring and introduction of strategic investors of BYD Semiconductor Co., Ltd. (the “**BYD Semiconductor**” or the “**Target Company**”), a subsidiary of the Company. The Board is pleased to announce that on 26 May 2020 (after the trading hours), it agreed the Company and BYD Semiconductor to enter into the investment Agreement and the Shareholders’ Agreement and appendices thereof and related supplementary agreements (if any) with 14 investors (the “**Investors**”), pursuant to which, the Investors will make a capital increase of RMB1,900,000,000 in aggregate to BYD Semiconductor based on the valuation of the Target Company of RMB7,500,000,000 before the investment, of which RMB76,050,058.65 will be included in the increased registered capital of BYD Semiconductor and RMB1,823,949,941.35 will be included in the capital reserve of BYD Semiconductor. The Investors will obtain a total of approximately 20.2126% equity interest in BYD Semiconductor upon the Capital Increase (the “**Capital Increase**”). After the completion of the Capital Increase, the registered capital of BYD Semiconductor will be RMB376,247,658.65 and the Company will hold approximately 78.4548% of the enlarged equity interest in BYD Semiconductor after the Capital Increase. As such, BYD Semiconductor will remain a controlled subsidiary of the Company and its financial information will still be consolidated into the consolidated financial statements of the Company.

Completion of the Capital Increase is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent and the completion of the relevant settlement procedures and industrial and commercial registration procedures. Therefore, the Capital Increase may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

I. Overview

Reference is made to the announcement of the Company dated 14 April 2020 in relation to the restructuring and the introduction of strategic investors of BYD Semiconductor.

The Board is pleased to announce that on 26 May 2020, the Company held the 38th Meeting of the Sixth Session of the Board of the Company, at which the “Resolution on the Introduction of Strategic Investors by the Controlled Subsidiary” was considered and approved, and it agreed the Company and BYD Semiconductor to enter into the Investment Agreement and the Shareholders’ Agreement and appendices thereof and related supplementary agreements (if any) with 14 investors, pursuant to which, the Investors will make a capital increase of RMB1,900,000,000 in aggregate to BYD Semiconductor based on the valuation of BYD Semiconductor of RMB7,500,000,000 before the investment, of which RMB76,050,058.65 will be included in the increased registered capital of BYD Semiconductor and RMB1,823,949,941.35 will be included in the capital reserve of BYD Semiconductor. The Investors will obtain a total of approximately 20.2126% equity interest in BYD Semiconductor upon the Capital Increase. After the completion of the Capital Increase, the registered capital of BYD Semiconductor will be RMB376,247,658.65 and the Company will hold approximately 78.4548% of the enlarged equity interest in BYD Semiconductor after the Capital Increase. As such, BYD Semiconductor will remain a controlled subsidiary of the Company and its financial information will still be consolidated into the consolidated financial statements of the Company.

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, the above investors and their ultimate beneficial owners are independent third parties. This transaction is not a connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Furthermore, as all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment Agreement are less than 5%, the entering into of the Agreements and the Capital Increase are not subject any notification and announcement requirement as set out in Chapter 14 of the Listing Rules and not subject to the approval of the shareholders of the Company at the general meeting.

II. General Information on the counterparties

1. Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	29 September 2019
Subscribed contribution:	RMB2,001 million
Executive partner:	Shenzhen Sequoia Antai Equity Investment Partnership (Limited Partnership) (深圳紅杉安泰股權投資合夥企業(有限合夥))
Registered address:	Room 520-7, 5/F, Xusheng R&D Building, Xifa B Area, Gonghe Industry Road, Longteng Community, Xixiang Sub-district, Baoan District, Shenzhen City
Scope of business:	Entrusted asset management, investment management (not allowed to conduct trust, financial asset management, securities asset management and other restricted projects); equity investment, entrusted management of equity investment funds (not allowed to engage in securities investment activities, conduct investment activities with public equity funds; and not allowed to engage in public offering of fund management business) (Items subject to approval according to laws, administrative regulations and decisions made by the State Council may only commence business upon receiving relevant approval documents).

2. Shenzhen Sequoia Zhichen Investment Partnership (Limited Partnership) (深圳市紅杉智辰投資合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	29 September 2019
Subscribed contribution:	RMB110,000
Executive partner:	Shenzhen Sequoia Antai Equity Investment Partnership (Limited Partnership) (深圳紅杉安泰股權投資合夥企業(有限合夥))
Registered address:	Room 2910-B11, Block A, Tianxia International Center, No. 8 Taoyuan Road, Dawangshan Community, Nantou Sub-district, Nanshan District, Shenzhen City
Scope of business:	Project investment; venture investment services; industrial investment (specific items shall be applied separately); investment consultancy; business information consultancy.

3. Zhongjin Pucheng Investment Co., Ltd. (中金浦成投資有限公司)

Business nature:	Limited liability company (wholly owned by a corporation invested or controlled by non-natural persons)
Date of establishment:	10 April 2012
Registered capital:	RMB500 million
Legal representative:	Liu Jian (劉健)
Registered address:	Unit 2904A, 29/F, Huiya Building, No. 1233 Lujiazui Ring Road, China (Shanghai) Pilot Free Trade Zone
Scope of business:	Investment management, investment consultancy, import and export of goods and technology, domestic cargo transportation agency services and storage (excluding hazardous articles). (Items subject to approval as required by laws shall only be conducted after approval by the competent authority).

4. Zhongdianzhongjin (Xiamen) Intelligent Industry Equity Investment Fund Partnership (Limited Partnership) (中電中金(廈門)智能產業股權投資基金合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	22 May 2018
Subscribed contribution:	RMB2,821.00 million
Executive partner:	Zhongdianzhongjin (Xiamen) Electronic Industry Equity Investment Management Co., Ltd. (中電中金(廈門)電子產業股權投資管理有限公司)
Registered address:	Room 203-101, South Building, Torch Square, Nos. 56-58 Torch Road, Torch Park, Torch High-Tech Zone, Xiamen
Scope of business:	Investment in unlisted enterprises or equity investment enterprises with the assets of the fund to the extent permitted by laws and regulations.

5. Qilu (Xiamen) Equity Investment Partnership (Limited Partnership) (啟鷺(廈門)股權投資合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	18 March 2019
Subscribed contribution:	RMB3,024 million
Executive partner:	CICC Capital Management Co., Ltd. (中金資本運營有限公司)
Registered address:	Room A389, Unit 308, No. 16 Yunding North Road, Jinshan Sub-district, Huli District, Xiamen City
Scope of business:	Investment in the primary industry, the secondary industry and the tertiary industry (excluding those otherwise provided by laws and regulations); investment in enterprise equities traded non-publicly in accordance with laws and relevant consultancy services; investment consultancy (excluding those otherwise provided by laws and regulations).

6. Zhongjinqichen (Suzhou) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (中金啟辰(蘇州)新興產業股權投資基金合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	7 June 2017
Subscribed contribution:	RMB2,820.30 million
Executive partner:	CICC Capital Management Co., Ltd. (中金資本運營有限公司)
Registered address:	Room 401, 4/F, No. 58 Lianfeng Road, Changshu City
Scope of business:	Investment in unlisted enterprises and stocks issued by listed companies through non-public issuance as well as relevant consultancy services. (Items subject to approval as required by laws shall only be conducted after approval by the competent authority)

7. Zhongjinchuanhua (Ningbo) Industry Equity Investment Fund Partnership (Limited Partnership) (中金傳化(寧波)產業股權投資基金合夥企業(有限合夥))

Business nature: Limited partnership

Date of establishment: 25 September 2019

Subscribed contribution: RMB3,000 million

Executive partner: CICC Capital Management Co., Ltd. (中金資本運營有限公司)

Registered address: Room 898, 1/F, Block B, Nos. 88 & 76 Shounan West Road, Yinzhou District, Ningbo City, Zhejiang Province

Scope of business: Industrial investment, investment management and investment consultancy; and items not prohibited or required for business permit by laws, regulations, decisions made by the State Council and other rules as well as items not on the negative list for local industrial development. Not allowed to engage in deposit-taking, financing guarantee, wealth management on behalf of customers, fund raising (financing) from the public and other financial businesses without the approval of financial regulatory authorities (Items subject to approval as required by laws shall only be conducted after approval by the competent authority)

8. Unicom Zhongjin Innovative Industry Equity Investment (Shenzhen) Partnership (聯通中金創新產業股權投資基金(深圳)合夥企業)

Business nature: Limited partnership

Date of establishment: 3 December 2018

Subscribed contribution: RMB2,406.04 million

Executive partner: Unicom Zhongjin Equity Investment Management (Shenzhen) Co., Ltd. (聯通中金股權投資管理(深圳)有限公司)

Registered address: Room 3701Q, Building 1, Changfu Jinmao Building, south of Shihua Road, Fubao Community, Fubao Sub-district, Futian District, Shenzhen City

Scope of business: Items for general operation: investment management, equity investment, entrusted asset management and equity investment fund (not allowed to engage in securities investment activities, not allowed to conduct investment activities with public equity funds; and not allowed to engage in public offering of fund management business); entrusted asset management (not allowed to conduct trust, financial asset management, securities asset management and other restricted items) (Excluding items prohibited by laws, administrative regulations and requirements of the State Council and restricted items may only commence business upon receiving approval)

9. Advanced Manufacturing Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥))

Business nature: Limited partnership

Date of establishment: 11 May 2015

Subscribed contribution: RMB22.00 billion

Executive partner: SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司)

Registered address: Room 206, Zone C, 2/F, No. 227 Rushan Road, China (Shanghai) Pilot Free Trade Zone

Scope of business: Equity investment, investment management and consultancy. (Items subject to approval as required by laws shall only be conducted after approval by the competent authority)

10. Shenzhen Yidun Media Investment Fund Partnership (Limited Partnership) (深圳市伊敦傳媒投資基金合夥企業(有限合夥))

Business nature: Limited partnership

Date of establishment: 18 August 2016

Subscribed contribution: RMB2,017 million

Designated representative of the executive partner: Yu Meng (于猛)

Registered address: Room 201, Block A, No. 1 Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen City (premises of Shenzhen Qianhai Commercial Secretary Co. Ltd. (深圳市前海商務秘書有限公司))

Scope of business: Entrusted management of equity investment funds (not allowed to engage in securities investment activities, conduct investment activities with public equity funds; and not allowed to engage in public offering of fund management business); equity investment; investment management (items subject to approval according to laws, administrative regulations and decisions made by the State Council may only commence business upon receiving relevant approval documents); investment consultancy and corporate management consultancy (excluding restricted items). (Excluding items prohibited by laws, administrative regulations and decisions made by the State Council and restricted items may only commence business upon receiving approval)

11. Himalaya Capital Investors, L.P.

Business nature:	Limited partnership
Date of establishment:	8 July 2004
Executive partner:	LL Group, LLC
Registered address:	251 Little Falls Drive, Wilmington, Delaware 19808 USA
Scope of business:	Investment in securities and other financial instruments and all other legitimate activities conducive to advancing the investment plans of the partnership as well as the maintaining and management of the partnership in the opinion of general partners.

12. Xiamen Han'er Qingya Investment Partnership (Limited Partnership) (廈門瀚爾清芽投資合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	22 February 2020
Subscribed contribution:	RMB501 million
Executive partner:	Ningbo Meishan Bonded Harbor Area Dirui Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區迪銳投資管理合夥企業(有限合夥))
Registered address:	Room B27, Unit 2101, No. 492 Xinglinwan Road, Jimei District, Xiamen City
Scope of business:	Investment in the primary industry, the secondary industry and the tertiary industry (excluding those otherwise provided by laws and regulations); investment in enterprise equities traded non-publicly in accordance with laws and relevant consultancy services; investment consultancy (excluding those otherwise provided by laws and regulations); corporate management consultancy.

13. Shenzhen AVIC Kaisheng Auto Semiconductor Investment Partnership (Limited Partnership) (深圳中航凱晟汽車半導體投資合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	12 May 2020
Subscribed contribution:	RMB150 million
Designated representative of the executive partner:	Chen Chen (陳晨)
Registered address:	Room 223-6, Podium buildings of Chuangxin Square, No. 2007 Pingshan Avenue, Liulian Community, Pingshan Sub-district, Pingshan District, Shenzhen City
Scope of business:	Venture investment, venture investment business; investment consultancy (excluding restricted items) (Excluding items prohibited by laws, administrative regulations and decisions made by the State Council and restricted items may only commence business upon receiving approval)

14. Shenzhen Xindixin Investment Partnership (Limited Partnership) (深圳市鑫迪芯投資合夥企業(有限合夥))

Business nature:	Limited partnership
Date of establishment:	8 May 2020
Subscribed contribution:	RMB10 million
Executive partner:	Shenzhen Xindi Consultancy Co., Ltd. (深圳市鑫迪諮詢有限公司)
Registered address:	Room C (Room 4B37 on A-D Axis and 4-7 Axis), 4/F, Block 4, Saige Technology Park, No. 120 Zhenxing Road, Licun Community, Huaqiangbei Sub-district, Futian District, Shenzhen City
Scope of business:	Items for general operation: Venture investment business; investment in industries (specific items subject to application); investment consultancy (excluding restricted items); investment consultant (excluding restricted items). (Excluding items prohibited by laws, administrative regulations and decisions made by the State Council and restricted items may only commence business upon receiving approval)

III. General Information on Target Company

Company name:	BYD Semiconductor Co., Ltd.
Business nature:	Limited liability company (sole investment by legal person)
Date of establishment:	15 October 2004
Registered capital:	RMB300,197,600
Legal representative:	Chen Gang (陳剛)
Registered address:	No. 1 Yan'an Road, Kuiyong Sub-district, Dapeng New Area, Shenzhen City
Key business:	Items for general operation: import and export of equipment, technologies and raw materials required for the products and manufacture of the company; items for approved operation: integrated circuit design and manufacture and sales of sizable integrated circuit with the linewidth of 0.18 micron or less, new electronic components and related accessories; manufacture and operation of insulated gate bipolar transistor modules; package of LED light-emitting diode and manufacture and process of camera modules; R&D and wholesale of the above goods and related supporting business. R&D, manufacture and sales of carbide silicon crystal materials and single crystal wafer, ceramic copper circuit board, metal and ceramic composite materials, metal and ceramic composite heat sink substrate, polymer materials for semiconductor packaging, electronic ceramic powder materials.
Substantial shareholder:	BYD Semiconductor is a controlled company of the Company.

The Company has waived the pre-emption right in respect of the Capital Increase in BYD Semiconductor.

IV. Pricing Policy and Pricing Basis for the Transaction

The transaction price for the Capital Increase was determined by the parties through negotiation in the principles of willingness, equality and fairness. The parties agreed that the Investors will make a capital increase of RMB1,900,000,000 in aggregate to BYD Semiconductor based on the valuation of the Target Company of RMB7,500,000,000 before the investment, of which RMB76,050,058.65 will be included in the increased registered capital of BYD Semiconductor and RMB1,823,949,941.35 will be included in the capital reserve of BYD Semiconductor. The Investors will obtain a total of approximately 20.2126% equity interest in BYD Semiconductor upon the Capital Increase. After the completion of the Capital Increase, the registered capital of the Target Company will be RMB376,247,658.65.

V. Major terms of the Investment Agreement and the Shareholders' Agreement

(I) Contributions of the Investors and their respective shareholdings after the Capital Increase

No.	Investors	Investment amount (RMB0' 000)	Subscribed registered capital (RMB0' 000)	Approximate shareholding after the Capital Increase
1	Shenzhen Sequoia Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥))	30,000.00	1,200.790400	3.1915%
2	Shenzhen Sequoia Zhichen Investment Partnership (Limited Partnership) (深圳市紅杉智辰投資合夥企業(有限合夥))	20,000.00	800.526933	2.1277%
3	Qilu (Xiamen) Equity Investment Partnership (Limited Partnership) (啟鷺(廈門)股權投資合夥企業(有限合夥))	15,000.00	600.395200	1.5957%
4	Zhongdianzhongjin (Xiamen) Intelligent Industry Equity Investment Fund Partnership (Limited Partnership) (中電中金(廈門)智能產業股權投資基金合夥企業(有限合夥))	9,000.00	360.237120	0.9574%
5	Zhongjin Pucheng Investment Co., Ltd. (中金浦成投資有限公司)	5,000.00	200.131733	0.5319%
6	Zhongjinqichen (Suzhou) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (中金啟辰(蘇州)新興產業股權投資基金合夥企業(有限合夥))	5,000.00	200.131733	0.5319%
7	Zhongjinchuanhua (Ningbo) Industry Equity Investment Fund Partnership (Limited Partnership) (中金傳化(寧波)產業股權投資基金合夥企業(有限合夥))	3,000.00	120.079040	0.3191%
8	Unicom Zhongjin Innovative Industry Equity Investment (Shenzhen) Partnership (聯通中金創新產業股權投資基金(深圳)合夥企業)	3,000.00	120.079040	0.3191%
9	Advanced Manufacturing Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥))	25,000.00	1,000.658667	2.6596%
10	Shenzhen Yidun Media Investment Fund Partnership (Limited Partnership) (深圳市伊敦傳媒投資基金合夥企業(有限合夥))	5,000.00	200.131733	0.5319%
11	Himalaya Capital Investors, L.P.	20,000.00	800.526933	2.1277%
12	Xiamen Han'er Qingya Investment Partnership (Limited Partnership) (廈門瀚爾清芽投資合夥企業(有限合夥))	20,000.00	800.526933	2.1277%
13	Shenzhen AVIC Kaisheng Auto Semiconductor Investment Partnership (Limited Partnership) (深圳中航凱晟汽車半導體投資合夥企業(有限合夥))	15,000.00	600.395200	1.5957%
14	Shenzhen Xindixin Investment Partnership (Limited Partnership) (深圳市鑫迪芯投資合夥企業(有限合夥))	15,000.00	600.395200	1.5957%
Total		190,000.00	7,605.005865	20.2126%

(II) Use of the Capital Increase Amount

The Target Company shall use all of the Capital Increase Amount from the investment in its principal businesses, including supplementing the working capital, purchasing assets, employment of staff and R&D as well as other uses recognized by the investors.

(III) Payment of the Capital Increase Amount

The Capital Increase Amount may be paid in deposits, to the escrow account or through lump-sum payment.

(IV) Conditions precedent for the Investment

The transfer of all of the Capital Increase Amount to the banking account designated by the Target Company by either investor shall be conditional upon all of the conditions precedent having been satisfied, mainly including:

The Target Company has obtained the shareholders' decisions/resolutions of the general meeting and Board resolutions/executive directors' decisions resolving the Company to execute and perform the transaction documents and approving the Capital Increase and completed other necessary approval and authorization procedures (if any). All parties have successfully completed the execution of all transaction documents. The representations, statements and guarantees made by current shareholders of the Target Company and actual controllers in the Agreements remained to be faithful, complete and accurate and they have performed the commitments to be performed on or before the settlement date as provided in the transaction documents without any behaviors in violation of the transaction documents. There are no laws, judgments, verdicts, awards or injunctions of courts, arbitration agencies or relevant governmental authorities which restrict, prohibit or cancel the investment and there are no pending or potential lawsuits, arbitrations, judgments, verdicts, awards or injunctions which have or will have significant adverse effects on the investment.

(V) Corporate Governance

1. Board of Directors

All parties unanimously agree that the board of directors of the Target Company shall consist of 9 directors, and vote for the persons recommended/nominated by the investors to be appointed as the directors of the Target Company in accordance with the provisions of at the general (shareholders) meeting approving the Capital Increase or other time as agreed by all parties. All parties agree and guarantee that when the director nominated or recommended by the investor resigns or is removed from his position, the investor (namely the nominator or the recommender) shall have the right to continue to recommend and nominate the successor and all parties shall guarantee to vote for that such person will be appointed as a director of the Target Company at the relevant general (shareholders) meeting. Each director shall have one vote when voting on the resolutions of the board of directors.

2. Supervisors

All parties unanimously agree to vote for the persons recommended/nominated by the investors to be appointed as the supervisors of the Target Company in accordance with the provisions of the Shareholders' Agreement at the general (shareholders) meeting approving this investment or other time as agreed by all parties. When the supervisor nominated or recommended by the investor resigns or is removed from his/her position, the investor (namely the nominator or the recommender) shall have the right to continue to recommend and nominate the successor and all parties shall guarantee to vote for such person to be appointed as a supervisor of the Target Company at the relevant general (shareholders) meeting.

(VI) Protection of Rights of Investors

During the period when the investors hold the equity interests of the Target Company, the following matters of the Target Company shall be implemented with the written approval of more than half of the directors of the Target Company or submitted to the general (shareholders) meeting for consideration with the approval of more than half of the directors of the Target Company:

1. The merger, division, dissolution, liquidation or deemed liquidation, application for bankruptcy restructuring, drag-along and other matters of the group members which may result in changes in the controlling right of the Target Company and/or decisions on changes in the form of the company;
2. The termination or change of the principal businesses of the group members and branches of the Target Company;
3. The equity financing plans (excluding the equity incentive plans disclosed in writing) of the group members, the increase, reduction and cancellation of any authorized share capitals, shares in issue or registered capital of the group members, or the issuance, distribution, purchase or redemption of any shares/equities or convertible securities or warrants or the issuance of options and any other activities which may result in the future issuance of new shares or the dilution of the investors' equity in the company;

4. The distribution of profit to shareholders with or using this round of the Capital Increase Amount in the disguised way;
5. The sale, transfer, licensed use, pledge or disposal of any brands, trademarks, core intelligent property rights (including patents, copyrights, non-patent technologies and other intelligent property rights) of the group members in other forms; or the sale, transfer, licensed use, pledge or disposal of other significant assets (excluding the asset disposal involved in normal operation) of the group members with an absolute amount of over RMB100 million in other forms;
6. The merger, deemed liquidation, drag-along and other matters which may result in changes in the controlling right of the Target Company;
7. The amendments to the articles of association of the group members which will have substantial effects on the legitimate interests of investors or the modification to investors' right and priority or the restricting or granting any other shareholders superior or equal rights with the investors;
8. The adjustment to the number and composition of the board of directors of the Target Company, excluding those not affecting the rights for protection of the investors under the Shareholders' Agreement.

For the above matters to be submitted to the general (shareholders) meeting of the Target Company for consideration according to the articles of association of the Target Company, they shall be passed with more than two thirds of all shareholders or representatives of shareholders with voting rights.

(VII) Representations, statements and guarantees

The Target Company, the existing shareholders and actual controllers of the Target Company have made representations, statements and guarantees in respect of the matters including authorization, investment, no conflict, effective survival of the Target Company, financial reporting, undisclosed debts, equity structure, no change, taxation, assets, related party matters, contract, intellectual property rights, environment, health, safety, quality supervision, lawsuits and other legal procedures, compliance with the regulations, license and approval, limits on no competition, employees, provision of information, use of investor names, optional promise, obligation to cooperate with the exercise of rights and rights of investors, and ensured that all representations, statements and guarantees were true, complete and accurate on the dates of signing the Agreements, the completion date of the registration of changes in industry and commerce and the closing date. The Target Company, existing shareholders and actual controllers agree that the representations, statements and guarantees they have made in respect of the matters relating to the Target Company shall apply to both the Target company and its group members.

(VIII) Liabilities for breaching of the Agreements

Where either party thereto fails to perform or fails to properly and fully perform the obligations or commitments provided in the Agreements, or where any statements, representations, commitments or guarantees made by either party in the Agreements are untrue, inaccurate or incomplete in any substantial aspects, it shall constitute an Event of Default. In the event of an Event of Default, the other parties shall notify the breaching party in writing of its breach of the Agreements, and the breaching party shall remedy its breach within 60 days from the date of notification. If the breaching party fails to remedy the breach at the expiration of the 60-day period, the other parties shall have the right to settle the dispute as agreed. For the avoidance of doubt, the parties acknowledge that in the event of an Event of Default, the breach shall be deemed to have occurred, whether or not the breaching party has remedied it within 60 days. The breaching party shall compensate the losses of the non-breaching parties for its breaches of the contract. The assumption of other liabilities for breaches by the breaching party as agreed therein shall not prevent any non-breaching party from requiring the breaching party to compensate losses, continue to perform the Agreements, terminate the Agreements and shall not affect any non-breaching party's right to other legal remedies in accordance with the PRC laws.

(IX) Effectiveness

The Agreements shall come into effect after being signed/sealed by the natural persons and being signed/sealed by the legal representative, competent representative or authorized representative of institutes and affixed with the official seals from the date of the completion of necessary internal approval procedures by the Target Company and current shareholders of the Target Company.

VI. Transaction Purpose and Effects on the Company

BYD Semiconductor, a controlled subsidiary of the Company, is a leading automotive grading Insulated Gate Bipolar Transistor (IGBT) manufacturer with autonomous and controllable technology in China. Meanwhile, IGBT products produced by BYD Semiconductor are widely applied in the industrial fields. In the future, BYD Semiconductor will focus on automotive grading semiconductor, and promote the development of semiconductor in industrial and consumption fields, seeking to become a provider of efficient, smart and integrated new semiconductors.

This investment in BYD Semiconductor led by Sequoia Capital China Fund, CICC Capital and SDIC Fund will help promote BYD Semiconductor's position in the industry, facilitate the diversification of its shareholders' structure, enhance its independence, perfect the corporate governance structure, achieve its expansion to the upper and downstream of industrial chains by leveraging on the investment and strategic layout of renowned investment institutions in the semiconductor, automotive and consumer electronics industries, and enrich resources of third parties. It will facilitate BYD Semiconductor to enhance its capability in industry research, keep the orientation of industry research and development, accurately grasp the latest development opportunities in the industry, expand its capital strength, achieve capacity expansion, accelerate business development, and comprehensively enhance its talent and competition advantages and product R&D capability.

The introduction of strategic investors by BYD Semiconductor fully reflected the market value and development prospect of BYD Group after the deep integration of its semiconductor business. It is another significant development in actively seeking for an independent listing at the appropriate time after its internal restructuring. In the future, the Company will continue to actively advance the listing of BYD Semiconductor and embark on the fostering of more subsidiaries with market competitiveness to achieve market-oriented operation and consistently enhance the overall value of the Company.

After the Capital Increase, the registered capital of BYD Semiconductor will be increased to RMB76,050,058.65 and the Company will hold approximately 78.4548% of the enlarged equity interest in BYD Semiconductor. As of the date of this announcement, BYD Semiconductor has granted the directors, senior management and core backbone personnel of BYD Semiconductor and its controlled subsidiaries not more than 30,019,760 equity options of BYD Semiconductor, representing 10% of the registered capital of BYD Semiconductor before the Capital Increase. Upon the exercise of such equity options, the shareholding of the Company in BYD Semiconductor will be diluted. However, the foregoing will not lead the Company to lose control over BYD Semiconductor, and BYD Semiconductor will remain a controlled subsidiary of the Company and its financial results will still be consolidated into the consolidated financial statements of the Company. The transaction is in line with the interest and the strategic development targets of the Company without prejudice to the interest of minority shareholders of the Company.

VII. Others

The Company will continue to comply with the corresponding approval procedures and information disclosure obligations in accordance with relevant laws and regulations according to the development and progress of the transaction.

Completion of the Capital Increase is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent and the completion of the relevant settlement procedures and industrial and commercial registration procedures. Therefore, the Capital Increase may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
BYD Company Limited
Wang Chuan-fu
Chairman

Shenzhen, PRC, 26 May 2020

As at the date of this announcement, the Board of directors of the Company comprises Mr. WANG Chuan-fu being the executive director, Mr. LV Xiang-yang and Mr. XIA Zuo-quan being the non-executive directors, and Mr. WANG Zi-dong, Mr. ZOU Fei and Ms. ZHANG Ran being the independent non-executive directors.

* *For ease of reference, the names of the counterparties (including the PRC established companies or entities) have been included in this announcement in both the Chinese and English languages. The name in Chinese language is the official name of each such company or entity, while that in English language is translation of the Chinese name, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese version shall prevail.*