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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

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

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 (i) 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; and (ii) the announcement of the Company dated 26 May 2020 in relation to introduction of strategic investors of BYD Semiconductor (the “**First Round Capital Increase**”). The Board is pleased to announce that on 15 June 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 30 investors (the “**Investors**”), pursuant to which, the Investors will make a capital increase of RMB799,999,999 in aggregate to BYD Semiconductor based on the valuation of the Target Company of RMB7,500,000,000 before the investment, of which RMB32,021,077.24 will be included in the increased registered capital of BYD Semiconductor and RMB767,978,921.76 will be included in the capital reserve of BYD Semiconductor. The Investors will obtain a total of approximately 7.843129% of the enlarged equity interest in BYD Semiconductor immediately after the completion of the capital increase (the “**Capital Increase**”). After the completion of the Capital Increase, the registered capital of BYD Semiconductor will be RMB408,268,735.89 and the Company will hold approximately 72.301481% 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 (i) the announcement of the Company dated 14 April 2020 in relation to the restructuring and introduction of strategic investors of BYD Semiconductor Co., Ltd., a subsidiary of the Company; and (ii) the announcement of the Company dated 26 May 2020 in relation to introduction of strategic investors of BYD Semiconductor.

The Board is pleased to announce that on 15 June 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 30 investors, pursuant to which, the Investors will make a capital increase of RMB799,999,999 in aggregate to BYD Semiconductor based on the valuation of the Target Company of RMB7,500,000,000 before the investment, of which RMB32,021,077.24 will be included in the increased registered capital of BYD Semiconductor and RMB767,978,921.76 will be included in the capital reserve of BYD Semiconductor. The Investors will obtain a total of approximately 7.843129% of the enlarged equity interest in BYD Semiconductor upon the Capital Increase. After the completion of the Capital Increase, the registered capital of BYD Semiconductor will be RMB408,268,735.89 and the Company will hold approximately 72.301481% 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 the Group's interest in BYD Semiconductor will be diluted to approximately 72.301481% after the First Round Capital Increase and the proposed Capital Increase, such dilution is treated as a deemed disposal by the Company in interest in a subsidiary under the Listing Rules. As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Round Capital Increase and the proposed Capital Increase pursuant to the relevant Investment Agreements in aggregate 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. The Investors and Their Respective Contributions

No.	Investors	Investment amount (RMB0' 000)	Subscribed registered capital (RMB0' 000)	Approximate shareholding after the Capital Increase
1	SK (China) Enterprise Management Co., Ltd. (愛思開(中國)企業管理有限公司)	14,999.9999	600.395196	1.470588%
2	Hubei Xiaomi Changjiang Industry Fund Partnership (Limited Partnership) (湖北小米長江產業基金合夥企業(有限合夥))	5,000.00	200.131733	0.490196%
3	Zhaoyin Growth No.3 Investment (Shenzhen) Partnership (Limited Partnership) (招銀成長三號投資(深圳)合夥企業(有限合夥))	4,500.00	180.118560	0.441176%
4	Shenzhen Zhaoyin Win-Win Equity Investment Partnership (Limited Partnership) (深圳市招銀共贏股權投資合夥企業(有限合夥))	500.00	20.013173	0.049020%
5	Hubei Lenovo Changjiang Science and Technology Industry Fund Partnership (Limited Partnership) (湖北省聯想長江科技產業基金合夥企業(有限合夥))	5,000.00	200.131733	0.490196%
6	Zhuhai Rongyu Investment Management Center (Limited Partnership) (珠海鎔聿投資管理中心(有限合夥))	5,000.00	200.131733	0.490196%
7	Zhuhai Hengqin Anchuang Lingxin Equity Investment Partnership (Limited Partnership) (珠海橫琴安創領鑫股權投資合夥企業(有限合夥))	3,000.00	120.079040	0.294118%
8	Suzhou Juyuan Zhuxin Venture Capital Partnership (Limited Partnership) (蘇州聚源鑄芯創業投資合夥企業(有限合夥))	2,000.00	80.052693	0.196078%
9	Shenzhen Anpeng Venture Capital Fund Enterprise (Limited Partnership) (深圳安鵬創投基金企業(有限合夥))	2,000.00	80.052693	0.196078%
10	Zhuhai Shangqi Huajin Auto Industry Equity Investment Fund (Limited Partnership) (珠海尚頌華金汽車產業股權投資基金(有限合夥))	2,000.00	80.052693	0.196078%
11	Shenzhen Huaqiang Industry Co., Ltd. (深圳華強實業股份有限公司)	2,000.00	80.052693	0.196078%
12	Shanghai Yuanhao Investment Co., Ltd. (上海元昊投資管理有限公司)	2,000.00	80.052693	0.196078%
13	Ningbo Meishan Bonded Port Bohua Guangcheng Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區博華光誠創業投資合夥企業(有限合夥))	2,000.00	80.052693	0.196078%

No.	Investors	Investment amount (RMB0' 000)	Subscribed registered capital (RMB0' 000)	Approximate shareholding after the Capital Increase
14	Guangzhou Jiacheng No.9 Venture Capital Partnership (Limited Partnership) (廣州佳誠九號創業投資合夥企業(有限合夥))	2,000.00	80.052693	0.196078%
15	Shenzhen IER Venture Capital Co., Ltd (深圳市松禾創業投資有限公司)	2,000.00	80.052693	0.196078%
16	Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	2,000.00	80.052693	0.196078%
17	Pingtian Huaye Growth Investment Partnership (Limited Partnership) (平潭華業成長投資合夥企業(有限合夥))	2,000.00	80.052693	0.196078%
18	Shenzhen Huiyou Haochuang Technology Investment Partnership (Limited Partnership) (深圳市惠友豪創科技投資合夥企業(有限合夥))	2,000.00	80.052693	0.196078%
19	Shenzhen Gongtongjiayuan Management Co., Ltd. (深圳市共同家園管理有限公司)	2,000.00	80.052693	0.196078%
20	Shenzhen Country Garden Venture Capital Co., Ltd. (深圳市碧桂園創新投資有限公司)	2,000.00	80.052693	0.196078%
21	Small and Medium-sized Enterprises Development Fund (Shenzhen Nanshan L.P.) (中小企業發展基金(深圳南山有限合夥))	2,000.00	80.052693	0.196078%
22	Shenzhen Yuanzhi Huaxin Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (深圳市遠致華信新興產業股權投資基金合夥企業(有限合夥))	2,000.00	80.052693	0.196078%
23	Shenzhen Bohan Vision Core Semiconductor Partnership (Limited Partnership) (深圳市伯翰視芯半導體合夥企業(有限合夥))	2,000.00	80.052693	0.196078%
24	Xinyu Huateng Investment Management Co., Ltd. (新余華騰投資管理有限公司)	2,500.00	100.065867	0.245098%
25	Starlight Link Investment Company Limited	2,000.00	80.052693	0.196078%
26	Shenzhen Yingchuangying Investment Co., Ltd. (深圳市英創盈投資有限公司)	1,500.00	60.039520	0.147059%
27	Shenzhen Galaxy Supply Chain Co., Ltd. (深圳市天河星供應鏈有限公司)	1,000.00	40.026347	0.098039%
28	Shenzhen Jianxin Yuanzhi Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership) (深圳市建信遠致智慧製造股權投資基金合夥企業(有限合夥))	1,000.00	40.026347	0.098039%

No.	Investors	Investment amount (RMB0' 000)	Subscribed registered capital (RMB0' 000)	Approximate shareholding after the Capital Increase
29	Zhuhai Huojingshi Network Technology Co., Ltd. (珠海火睛石網路科技有限公司)	1,000.00	40.026347	0.098039%
30	Shanghai Zhenghai Juyi Investment Management Center (Limited Partnership) (上海正海聚億投資管理中心(有限合伙))	1,000.00	40.026347	0.098039%
Total		79,999.9999	3,202.107724	7.843129%

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 RMB799,999,999 in aggregate to BYD Semiconductor based on the valuation of the Target Company of RMB7,500,000,000 before the investment, of which RMB32,021,077.24 will be included in the increased registered capital of BYD Semiconductor and RMB767,978,921.76 will be included in the capital reserve of BYD Semiconductor. The Investors will obtain a total of approximately 7.843129% of the enlarged 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 RMB408,268,735.89.

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

(I) 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.

(II) Payment of the Capital Increase Amount

The Capital Increase Amount may be paid in deposits or through lump-sum payment.

(III) 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.

(IV) 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 of the Target Company 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 of the Target Company. Each director shall have one vote when voting on the resolutions of the board of directors of the Target Company.

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 of the Target Company 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.

(V) 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 after obtaining 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 Target Company;

4. The distribution of profit to shareholders of the Target Company 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 of the Target Company 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 of the Target Company 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 of the Target Company 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.

(VI) 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 date 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 of the Target Company 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.

(VII) 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.

(VIII) 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

Since the Company made the announcement dated 26 May 2020 in relation to introduction of strategic investors of BYD Semiconductor, the capital increase of BYD Semiconductor has attracted more attention from various financial and industrial investors. Considering the resource integration and cooperation of BYD Semiconductor for its businesses in the future, BYD Semiconductor plans to continue to introduce strategic investors such as South Korea SK Group, Xiaomi Group, CMB International, Lenovo Group, CITICPE, Houan Fund (厚安基金), China Fortune-Tech Capital, SAIC Capital, BAIC Capital, Shenzhen Huaqiang, Shenzhen V&T (藍海華騰), and Shenzhen Invt (英威騰), etc. The introduction of the Investors is mainly aimed at achieving business collaboration, resource sharing, mutual benefit and win-win results. BYD Semiconductor will actively promote technical and business communications among the Investors, make full use of the industrial resources of strategic investors and thus strengthen the capability of BYD Semiconductor in expansion of third-party customers base and cooperation projects. At the same time, the Capital Increase will be beneficial for expanding the capital strength and production capacity, accelerating the business development of BYD Semiconductor, and comprehensively enhancing its talent and competition advantages and product R&D capability.

Benefiting from China's strong support for the development of new infrastructure, new energy and other industries, and in order to achieve the autonomous and controllable technology goal in self-made semiconductors, it is expected that China's semiconductor industry will maintain a promising development trend in the future. As a leading automotive grading insulated gate bipolar transistor (IGBT) manufacturer with autonomous and controllable technology in China, BYD Semiconductor will fully consolidate its own advantages and the resource advantage of various strategic investors to become an efficient, intelligent and integrated new semiconductor supplier by precisely seizing the development opportunity of China's semiconductor industry. In the meantime, BYD Semiconductor will fully leverage on the positive effect of the favourable industry policies to jointly promote the two-way integration of the innovation chain and industrial chain with its strategic investors and thus jointly promote the localization process of the semiconductor industry.

Meanwhile, BYD Semiconductor has completed certain tasks such as internal restructuring, equity incentive and introduction of strategic investors. On this basis, BYD Semiconductor will actively promote its listing-related work to establish an independent capital market platform, enhance its independence, and drive the sustainable growth of its businesses.

After the Capital Increase, the registered capital of BYD Semiconductor will be increased by RMB32,021,077.24 and the Company will hold approximately 72.301481% of the enlarged equity interest in 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 interests and the strategic development targets of the Company without prejudice to the interests 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, 15 June 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.*