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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>

**CONNECTED TRANSACTION**  
**SUBSCRIPTION OF INTEREST IN A FUND**

On 8 April 2021 (after trading hours), the Subscriber (a wholly-owned subsidiary of the Company) entered into the Agreement with the Fund (acting by the General Partner) pursuant to which the Subscriber agreed to make a capital commitment of US\$120,000,000 to the Fund, representing approximately 8.63% of the Maximum Fund Size.

The investment strategy of the Fund is to primarily focus on industry-leading businesses mainly in Germany, German speaking countries and regions, the Nordic countries and the Greater China, as well as other technologically-advanced regions with strong growth potential, with a primary emphasis on buyout and structured transaction opportunities in privately held as well as publicly traded companies.

As Mr. Cai, a connected person of the Company by virtue of him being an independent non-executive Director, controls more than 30% of the issued share capital of the General Partner through the Trust, the General Partner is therefore an associate of Mr. Cai and a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As more than one applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Subscription exceed 0.1% but is less than 5%, the Subscription is only subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

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## **THE AGREEMENT**

The principal terms of the Agreement and the details of the Fund are as follows:

### **Date**

8 April 2021 (after trading hours)

### **Parties**

- (1) the Subscriber, a wholly-owned subsidiary of the Company
- (2) the Fund (acting by the General Partner)

### **Name of the Fund**

AGIC Fund II L.P., a Cayman Islands exempted limited partnership

### **Subscription**

The Subscriber has agreed to make a capital commitment of US\$120,000,000 to the Fund and be admitted to the Fund as a limited partner. Except as otherwise provided in the terms and conditions of the Fund and the applicable law, the Subscriber shall make capital contributions to the Fund in an aggregate amount not to exceed its capital commitment.

The capital commitment by the Subscriber represents approximately 8.63% of the Maximum Fund Size. The Subscriber shall pay its capital contribution as required under the drawdown notice(s) to be served by the General Partner to the Subscriber from time to time.

The capital commitment of the Subscriber was determined after arm's length negotiations between the General Partner and the Subscriber with reference to, among others, (i) the proposed capital requirements of the Fund; (ii) the prospect of the Fund; (iii) financial resources available to the Group; and (iv) the Maximum Fund Size.

The Subscriber's capital commitment will be funded by internal resources of the Group.

### **Purpose/Investment strategy of the Fund**

The investment strategy of the Fund is to primarily focus on industry-leading businesses mainly in Germany, German speaking countries and regions, the Nordic countries and the Greater China, as well as other technologically-advanced regions with strong growth potential, with a primary emphasis on buyout and structured transaction opportunities in privately held as well as publicly traded companies.

## **Term of the Fund**

The term of the Fund commenced on 1 September 2020, being the date of the closing of the initial sale of limited partnership interests in the Fund to limited partners (other than the initial limited partner) of the Fund (the “**Initial Closing**”), and shall continue, unless the Fund is sooner dissolved, until the tenth anniversary of the date of the Initial Closing. The term of the Fund may be extended at the request of the General Partner and with the approval of one or more voting limited partners that at the time in question has/have capital commitments aggregating in excess of 50% of all capital commitments of all voting limited partners in accordance with the terms and conditions of the Fund.

## **Management of the Fund**

The General Partner is exclusively responsible for the management, control and operation of and the determination of policy with respect to the Fund and its investments and other activities. The limited partners of the Fund (including the Subscriber) has no right to take part in the management or control of the investment of the Fund’s business or investment, shall not transact any business in the Fund’s name.

The Manager is to provide portfolio management and administrative service to the Fund. The Manager established an investment committee (the “**Investment Committee**”), which is chaired by Mr. Cai, for reviewing and approving the acquisition and disposal of investments of the Fund.

The General Partner intends to establish a limited partner advisory committee consisting of at least three but no more than 12 voting members (the “**Advisory Committee**”), which is mainly responsible for reviewing significant matters such as an extension of the Commitment Period and changes to investment restrictions of the Fund. All actions taken by the Advisory Committee shall be approved by a majority of the voting members of the Advisory Committee. The Subscriber intends to appoint Mr. Li Qian, the secretary of the Board, to serve as a member of the Advisory Committee and an observer of the Investment Committee to supervise the investment and management of the Fund.

## **Management fee**

The Fund will pay a management fee to the Manager quarterly in advance during the term of the Fund (the “**Management Fee**”), starting on the date of the Initial Closing and continuing until the Fund commences winding up proceedings. From the Initial Closing through to the end of the Commitment Period (except during any suspension of the Commitment Period or any successor fund pays a management fee), the Management Fee equals to 2% per annum of the capital commitments of limited partners of the Fund. Thereafter, until the Fund has been wound up, and during any suspension of the Commitment Period or any successor fund pays a management fee, the Management Fee equals to 2% per annum of the aggregate cost of unrealized portfolio investments and temporary investments of the Fund net of any portion with respect to any unrealized portfolio investment of the Fund that has been permanently written off. The Fund will pay the Manager the Management Fee during the period of the winding up proceedings only if the Manager acts as the liquidator of the Fund.

## **Distribution of profit**

Distribution shall be made only to the extent applicable after deduction of, among others, necessary expenses and liabilities of the Fund and in accordance with the applicable laws. Distributable cash attributable to any portfolio investment of the Fund shall be distributed in US\$ promptly after receipt by the Fund and shall initially be apportioned among the partners of the Fund in proportion to their sharing percentages with respect to such portfolio investment but the General Partner shall be entitled to receive carried interest in accordance with the terms and conditions of the Fund.

## **Transfer of interest**

Limited partners of the Fund are generally not permitted to transfer all or any part of its interests in the Fund (including interest in the capital of the Fund and the right to receive distributions from the Fund), except with the consent from the General Partner and in accordance with the terms and conditions of the Fund.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

Having considered the technological development trend in the world, and that the Manager is one of the leading European-Asian private equity firms focused on industrial and medical technology investments in Europe and the prospect of the Fund, the Company is of the view that the Subscription can allow the Group to obtain long-term investment returns by leveraging the industry research and resource integration capabilities of international investment institutions, extending the Company's reach in industrial investments, facilitating the synergistic development between the Company's investment capability and principal business activities, and promoting the virtuous cycle of the Company's global business.

The Board (including the independent non-executive Directors) is of the view that the Subscription is made after considering the Company's status of business development, financial circumstances and development strategies and will help increase the level of return and improve the ability to resist risks through diversified investment by the Company. The Board (including the independent non-executive Directors) is also of the view that terms of the Agreement were determined after arm's length negotiations between the Subscriber and the General Partner, which are fair and reasonable, and the entering into of the Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

As Mr. Cai controls more than 30% of the equity interest in the General Partner and the Manager through the Trust, Mr. Cai may have a material interest in the Subscription and had abstained from voting on the relevant board resolutions in connection with the Subscription. Save as disclosed, none of the Directors (including the independent non-executive Directors other than Mr. Cai) have any material interest in the Subscription and none of them abstained from voting on the relevant board resolutions.

## **INFORMATION ABOUT THE PARTIES**

### **The Group**

The Company is a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange. The Group is principally engaged in automobile business which includes traditional fuel-engined vehicles and new energy vehicles, handset components and assembly services, as well as rechargeable battery and photovoltaic business while taking advantage of its technological superiority to actively develop urban rail transportation business segment.

The Subscriber, a wholly-owned subsidiary of the Company, is a limited liability company incorporated in the British Virgin Islands and is principally engaged in the business of investment holding.

### **The General Partner**

The General Partner is a Cayman Islands exempted company with limited liability which is: (i) 49% owned by Yulan Investments Limited; (ii) 36% owned by AGIC II CLP, L.P.; and (iii) 15% owned by AGIC II Carry Reserve Limited. AGIC II CLP, L.P. is a Cayman Islands exempted limited partnership, with AGIC II Carry Reserve Limited as its sole limited partner and Mr. Cai as its general partner. Both Yulan Investments Limited and AGIC II Carry Reserve Limited are indirectly and wholly owned by the Trust. The General Partner is principally responsible for the management, control and operation of and the determination of policy with respect to the Fund and its investments and other activities.

### **The Fund**

The Fund is an exempted limited partnership in the Cayman Islands established in accordance with the laws of the Cayman Islands. The investment strategy of the Fund is to primarily focus on industry-leading businesses mainly in Germany, German speaking countries and regions, the Nordic countries and the Greater China, as well as other technologically-advanced regions with strong growth potential, with a primary emphasis on buyout and structured transaction opportunities in privately held as well as publicly traded companies. As the Fund is newly formed, no financial information or past performance of the Fund is available for disclosure in this announcement. The Maximum Fund Size is US\$1.39 billion, and 1.5% of the fund size is contributed by the General Partner. The Fund has a wide investor base covering banking, insurance, financing, investment and manufacturing industries. The General Partner negotiated the terms and conditions of this transaction for and on behalf of the Fund. Save for the General Partner, to the best of the Director's knowledge, information and belief having made all reasonable enquiry, each of the other limited partners (and their respective ultimate beneficial owners) of the Fund are third parties independent of the Company and its connected persons.

## **The Manager**

The Manager is a Cayman Islands exempted company and is principally engaged in the business of investment management. As at the date of this announcement, the Manager is indirectly held as to: (i) 70% by the Trust; and (ii) 30% by a number of third parties with each party indirectly holding no more than 10% issued share capital of the Manager. Save for the Trust, to the best of the Director's knowledge, information and belief having made all reasonable enquiry, each of the equity holders (and their respective ultimate beneficial owners) of the Manager are third parties independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As Mr. Cai, a connected person of the Company by virtue of him being an independent non-executive Director, controls more than 30% of the issued share capital of the General Partner through the Trust, the General Partner is therefore an associate of Mr. Cai and a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As more than one applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Subscription exceed 0.1% but is less than 5%, the Subscription is only subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Given Mr. Cai's interests and role in the General Partner and the Manager and therefore the potential financial benefits which may be obtained by Mr. Cai and his immediate family members from the Group through the Fund, the Board (including the independent non-executive Directors but excluding Mr. Cai) had re-considered Rule 3.13 of the Listing Rules and is of the view that Mr. Cai remains independent in accordance with the independence guidelines on the basis that:

- (a) the potential financial benefits to be obtained by Mr. Cai and his immediate family members are indirect, not material and consequential as a result of the proposed subscription by the Subscriber and thus Mr. Cai is not financially dependent on the Company, its holding company or any of their respective subsidiaries or core connected persons of the Company;
- (b) Mr. Cai and his immediate family members did not hold more than 1% of the total number of issued shares of the Company;
- (c) Mr. Cai and his immediate family members had not received an interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company;
- (d) Mr. Cai and his immediate family members did not hold any directorships of the Company's subsidiaries or core connected persons or controlling shareholders;
- (e) Mr. Cai and his immediate family members did not have a material interest in any principal business activity of or is or was involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons of the Company;

- (f) Mr. Cai is not on the Board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole and Mr. Cai’s immediate family members are not on the Board;
- (g) Mr. Cai and his immediate family members are not or were not connected with a director, the chief executive or a substantial shareholder of the Company within two years immediately prior to the date of Mr. Cai’s proposed appointment; and
- (h) Mr. Cai is not, or has not at any time during the two years immediately prior to the date of his appointment been, an executive or director (other than an independent non-executive director) of the Company, of its holding company or of any of their respective subsidiaries or of any core connected persons of the Company. The immediate family members of Mr. Cai are not, or have not been an executive or director of the Company, or its holding company or of any of their respective subsidiaries or of any core connected persons of the Company.

The Board (including the independent non-executive Directors but excluding Mr. Cai) also considered that the Mr. Cai’s interests and role in the General Partner and the Manager would not affect his exercise of independent judgment and was satisfied that Mr. Cai has the required integrity and experience to continue fulfilling the role of independent non-executive Director.

Taking into consideration of the above, the Board (including the independent non-executive Directors but excluding Mr. Cai) is of the view that Mr. Cai remains independent notwithstanding Mr. Cai’s interests and role in the General Partner and the Manager.

**DEFINITIONS**

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

- “A Share(s)”                    ordinary domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shenzhen Stock Exchange and traded in RMB
- “Agreement”                    the subscription agreement dated 8 April 2021 and entered into between the Subscriber and the Fund (acting by the General Partner)
- “associate(s)”                    has the meaning ascribed to it in the Listing Rules
- “Board”                            the board of Directors
- “China” or “PRC”                the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region, and Taiwan



“Commitment Period”	the period commencing on the date of the Initial Closing and ending on the earliest to occur of (a) the fifth anniversary of the last day of the calendar month in which the Initial Closing occurred, (b) in the sole discretion of the General Partner, on the date on which the capital commitments that have been drawn down or committed pursuant to legally binding agreements (excluding amounts reserved by the General Partner) amounts to 75% of the aggregate capital commitments of non-defaulting partners of the Fund and (c) the date of any early termination of the commitment period pursuant to terms and conditions of the Fund, which may be extended by the General Partner, with the approval of a majority in interest of voting limited partners, for a further period of one year
“Company”	BYD Company Limited, a joint stock company incorporated in the PRC with limited liability
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund”	AGIC Fund II L.P., an exempted limited partnership in the Cayman Islands established in accordance with the laws of the Cayman Islands
“General Partner”	AGIC GP II Limited, an exempted company incorporated in the Cayman Islands with limited liability and the general partner of the Fund
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	ordinary overseas listed foreign invested share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in Hong Kong Dollar
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“immediate family member(s)”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Manager”	Asia-Germany Industrial Promotion (Cayman) Limited, an exempted company incorporated in the Cayman Islands with limited liability and the manager of the Fund
“Maximum Fund Size”	US\$1.39 billion, being the aggregate maximum amount of the capital commitment of the Fund



“Mr. Cai”	Mr. Cai Hong-ping, an independent non-executive Director
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Subscriber”	Golden Link Worldwide Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the interests of the Fund by the Subscriber pursuant to the terms of the Agreement
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Trust”	The CHC Trust, Mr. Cai’s family trust with TMF (Cayman) Ltd. acting as its trustee for the benefit of Mr. Cai’s family members
“US\$”	the lawful currency of the United States of America
“%”	per cent

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

Shenzhen, PRC, 8 April 2021

*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. Cai Hong-ping, Mr. Zhang Min and Mr. Jiang Yan-bo being the independent non-executive directors.*