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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>

ADOPTION OF SUBSIDIARY SHARE OPTION SCHEME

At the eleventh meeting of the seventh session of the board of directors (the “**Board**”) of BYD Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) held on 10 May 2021, the Board has approved to adopt the 2020 Share Option Incentive Scheme (the “**Subsidiary Share Option Scheme**”) of BYD Semiconductor Co., Ltd (“**BYD Semiconductor**”), a company incorporated in the People's Republic of China and owned as to approximately 72.30% by the Company as at the date of this announcement.

Pursuant to Rule 17.02(1)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the adoption of the Subsidiary Share Option Scheme is conditional upon the approval of the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting. Before a Shareholders' general meeting is held for approval of the Subsidiary Share Option Scheme, the draft of the Subsidiary Share Option Scheme may be further amended and/or supplemented upon requests of the regulatory authorities of the PRC and/or Hong Kong.

The principal terms of the Subsidiary Share Option Scheme are as follows:

1. Purpose

The purpose of the Subsidiary Share Option Scheme is to further establish and improve the incentive mechanism of BYD Semiconductor, fully arouse the enthusiasm of the directors, senior management and core personnel of BYD Semiconductor, and retain and motivate talents, enhance the close integration of the interests of the directors, senior management and core personnel of BYD Semiconductor, strengthen the corporate cohesive force, and allow all parties to focus on the long-term development of BYD Semiconductor and jointly promote its sustainable development. On the premise of fully protecting the interests of the shareholders of BYD Semiconductor, the Subsidiary Share Option Scheme has been formulated under the principle of benefits being in proportion to contributions, and in accordance to the *Company Law* and other relevant laws, regulations and normative documents as well as the Articles of Association of BYD Semiconductor, taking into account the compensation system, performance appraisal system and other management systems currently implemented by BYD Semiconductor.

2. Incentive Participants

The incentive participants of the Subsidiary Share Option Scheme include directors (excluding independent non-executive directors), senior management and key personnel (but excluding supervisors) of BYD Semiconductor. All incentive participants must be in the employment and had entered into corresponding labor or employment contract with the BYD Semiconductor and its subsidiaries during the appraisal period of the Subsidiary Share Option Scheme.

3. Underlying Shares

The way of equity incentive by BYD Semiconductor is through share options and the source of the shares is the issuance of RMB ordinary shares in BYD Semiconductor, not the shares of the Company.

The number of shares of BYD Semiconductor in respect of which the share options may be granted under the Subsidiary Share Option Scheme shall be 33,088,235 (representing 7.353% of the registered share capital of BYD Semiconductor as at the date of this announcement).

4. Exercise Period and Exercise Price

The validity period of the Subsidiary Share Option Scheme shall commence from the grant date of the share options and end on the date on which all the share options granted to the incentive participants have been exercised or cancelled, which shall not be longer than 10 years.

The exercise price of the share options granted under the Subsidiary Share Option Scheme shall be determined by the board of BYD Semiconductor at its absolute discretion, and shall be subject to adjustment in accordance with the terms of the Subsidiary Share Option Scheme and/or the applicable laws and regulations.

5. Vesting Period

The share options granted under the Subsidiary Share Option Scheme shall be exercised in three tranches, and the corresponding vesting periods shall be 24 months, 36 months and 48 months respectively from the grant date.

After the Subsidiary Share Option Scheme is approved, the share options granted to the incentive participants may be exercised with the approval of the board of directors of BYD Semiconductor upon the expiry of the vesting period, where the exercise conditions are satisfied and there are no circumstances that prohibit the implementation or the participation in the share incentive or the exercise under the provisions of laws, regulations and the Subsidiary Share Option Scheme.

6. Exercise Conditions

Exercise conditions of the share options include two levels, namely, company-level and individual-level performance appraisal requirements. At the company level, financial performance appraisal objectives of BYD Semiconductor will be assessed in each exercise period, and achieving such objectives is one of the exercise conditions. At the individual level, individual performance assessment is required to decide if the share options of the incentive participants have reached the exercise condition. Otherwise, such options shall be cancelled.

7. Termination of the Subsidiary Share Option Scheme

The Subsidiary Share Option Scheme shall be terminated; the share options already granted to the incentive participants but not yet exercised shall be cancelled by BYD Semiconductor; and BYD Semiconductor will not assume any liability for compensation to the incentive participants if BYD Semiconductor encounters any of the following conditions:

- (i) issuance of an auditor's report, in which the certified public accountant gives adverse opinions or indicates an ability to give opinions, has been issued with respect to the financial report for the most recent accounting year;
- (ii) issuance of an auditors' report, in which the certified public accountant gives adverse opinions or indicates an inability to give opinions, has been issued with regard to internal control of the financial report for the most recent accounting year;
- (iii) there has been failure to make profit distribution in accordance with applicable laws and regulations, the articles of association of BYD Semiconductor and public undertakings during the 36 months after public listing of BYD Semiconductor;
- (iv) the circumstances in which implementation of the Subsidiary Share Option Scheme is prohibited by the laws or regulations; and
- (v) other circumstances in which termination of the Subsidiary Share Option Scheme is deemed necessary by CSRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the board of directors and shareholders of BYD Semiconductor have given their conditional approval for the proposed adoption of the Subsidiary Share Option Scheme. The Subsidiary Share Option Scheme constitutes a share option scheme pursuant to Chapter 17 of the Listing Rules. Pursuant to Rule 17.02(1)(a) of the Listing Rules, the adoption of the Subsidiary Share Option Scheme is conditional upon the approval of the Shareholders at the extraordinary general meeting of the Company.

The Company will, where applicable, comply with the relevant requirements of Chapter 14 of the Listing Rules in connection with the deemed disposal as a result of the exercise of the share options, which may reduce the percentage equity interest of the Company in BYD Semiconductor. In addition, the grant of the share options to an eligible participant of the Subsidiary Share Option Scheme who is a connected person of the Company (if any) shall comply with the relevant requirements of the Listing Rules.

Upon adoption of the Subsidiary Share Option Scheme, the Company will disclose the required information in relation to the Subsidiary Share Option Scheme in its subsequent annual report(s) and interim report(s) in accordance with the disclosure requirements under Rule 17.07 of the Listing Rules.

GENERAL MEETING AND CIRCULAR

The Company will convene an extraordinary general meeting to consider and approve, among others, the adoption of the Subsidiary Share Option Scheme. A circular containing, among others, principal terms of the Subsidiary Share Option Scheme and a notice of the extraordinary general meeting will be dispatched to the Shareholders as soon as possible.

By order of the board of
BYD Company Limited
Wang Chuan-fu
Chairman

Shenzhen, the PRC, 11 May 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Chuan-fu being the executive director of the Company, Mr. Lv Xiang-yang and Mr. Xia Zuo-quan being the non-executive directors of the Company, and Mr. Cai Hong-ping, Mr. Zhang Min and Mr. Jiang Yan-bo being the independent non-executive directors of the Company.