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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>

**LATEST UPDATE ON THE PROPOSED SPIN-OFF AND LISTING OF
BYD SEMICONDUCTOR ON THE SHENZHEN STOCK EXCHANGE**

References are made to the announcements of BYD Company Limited (the “**Company**”) dated 30 December 2020, 16 June 2021 and 30 June 2021 and the circular of the Company dated 31 May 2021 (the “**Circular**”) in relation to, among others, the proposed spin-off and separate listing of BYD Semiconductor Company Limited (比亞迪半導體股份有限公司) (formerly known as BYD Semiconductor Co., Ltd, 比亞迪半導體有限公司) (“**BYD Semiconductor**”), a non-wholly owned subsidiary of the Company, on the ChiNext Board of the Shenzhen Stock Exchange. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

APPROVAL IN RESPECT OF THE SPIN-OFF

The Company has applied for, and the Hong Kong Stock Exchange has confirmed on 22 October 2021 that the Company may proceed with, the Spin-off under Practice Note 15 of the Listing Rules (“**PN15**”).

The Spin-off has been approved at the extraordinary general meeting of the Company held on 16 June 2021 and is also subject to, among other things, approval from the Shenzhen Stock Exchange and performance of the offering registration procedures of the CSRC.

WAIVER IN RESPECT OF ASSURED ENTITLEMENTS

Pursuant to Paragraph 3(f) of PN15, the Company is required to have due regard to the interests of its existing Shareholders by providing them with an assured entitlement to the shares in BYD Semiconductor, either by way of a distribution in specie of existing shares in BYD Semiconductor or by way of a preferred application in any offering of existing or new shares in BYD Semiconductor.

However, based on the advice of the PRC legal counsel of the Company, only the H Shareholders of the Company in the following categories are entitled to hold shares listed on domestic stock exchanges of the PRC (including ChiNext Board): (a) Chinese citizen; (b) residents of Hong Kong, Macao or Taiwan who are working or living in the Mainland China; (c) PRC institutional investors; (d) qualified foreign institutional investors; (e) RMB qualified foreign institutional investors; (f) strategic investors subject to filing or approved by the Ministry of Commerce of the PRC; (g) foreigners who have obtained permanent residence right in the PRC; and (h) foreign natural persons who work in the PRC and whose home country (region) has established a regulatory cooperation mechanism with the CSRC (together the “**A Share Holding Qualifications**”). In view of the above legal restrictions on eligibility, and considering the fact that given a large number of registered Shareholders are involved (not to mention the beneficial owners who hold over 75% of the total number of H Shares of the Company through HKSCC Nominees Limited), it would not be feasible for the Company to enquire with certainty about the eligibility of each Shareholder. Even if the Company makes enquiries with its Shareholders, they are not obliged to respond to a request by the Company relating to their eligibility.

Furthermore, the Company Law of the PRC, regulations of the CSRC and other relevant PRC laws and regulations have not provided any overall arrangement for the assured entitlements.

Based on the above, as many of the existing Shareholders may not be qualified investors, there was a legal restriction for the Company to provide these Shareholders with an assured entitlement to the A shares of BYD Semiconductor under the Spin-off.

The Directors are of the view that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole for the Company not to offer assured entitlement to its Shareholders.

REASONS AND SIGNIFICANCE OF THE SPIN-OFF

The Spin-off will be conducive for BYD Semiconductor to further improving multi-channel financing ability and brand effect, forming a sustainable competitive advantage by strengthening the resources conformity ability and product research and development capability, making full use of the domestic capital market, seizing market development opportunities, and laying a solid foundation for becoming an efficient, intelligent and integrated new semiconductor supplier.

The Spin-off essentially will increase the corporate governance and financial transparency of BYD Semiconductor and separate its businesses from those of the Company, which therefore will enable investors to appraise the strategies, risks and returns of the businesses of BYD Semiconductor and the Company separately and to invest directly in the relevant businesses independently, making the assessment of the businesses of BYD Semiconductor and the Company more equitable.

The Spin-off and separate listing of BYD Semiconductor will not result in the loss of control of the Company in BYD Semiconductor, will not materially affect the continuous operations of other business segments of the Company, and will not jeopardize the Company’s independent listing status and ability to continue as a going concern.

After taking the above reasons into account, the Board believes that the Spin-off and the waiver from strict compliance with the requirements under Paragraph 3(f) of PN15 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company will make further announcement(s) in respect of the Spin-off in due course or in accordance with the applicable requirements of the Listing Rules.

Shareholders and potential investors should note the Spin-off on the ChiNext Board is subject to, among others, the prevailing market conditions and approvals from relevant PRC authorities, including the CSRC and the Shenzhen Stock Exchange. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

25 October 2021, Shenzhen, PRC

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.