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比亞迪股份有限公司
BYD COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1211)

STRATEGIC INVESTMENT BY
MIDAMERICAN ENERGY HOLDINGS COMPANY
BY WAY OF
SUBSCRIPTION OF NEW H SHARES
AND
RESUMPTION OF TRADING

Financial adviser to BYD Company Limited



On 26 September 2008, the Company entered into the Strategic Investment and Subscription Agreement with MidAmerican Energy, pursuant to which MidAmerican Energy (as principal) agreed to subscribe for, and the Company agreed to allot and issue, 225,000,000 H Shares at a price of HK\$8.00 per H Share.

The 225,000,000 Subscription Shares to be issued pursuant to the Strategic Investment and Subscription Agreement represent (i) approximately 10.98% of the existing total registered capital of the Company; (ii) approximately 39.61% of the existing H Shares in issue; (iii) approximately 9.89% of the total registered capital of the Company as enlarged by the issue of the Subscription Shares; and (iv) approximately 28.37% of the total H Shares in issue as enlarged by the issue of the Subscription Shares.

The Subscription Price was determined after arm's length negotiation between the Company and MidAmerican Energy and with reference to the prevailing market prices of the H Shares. The Subscription Price represents (i) a discount of approximately 4.76% to the closing price of HK\$8.4 per H Share as quoted on the Stock Exchange on the Last Trading Day, (ii) a discount of approximately 1.38% to the average closing price of approximately HK\$8.112 per H Share for the last five consecutive trading days up to and including the Last Trading Day, and (iii) a discount of approximately 3.31% to the average closing price of approximately HK\$8.274 per H Share for the last ten consecutive trading days up to and including the Last Trading Day.

The Subscription is conditional upon (i) the Specific Mandate having been granted by the shareholders of the Company to the Board at the EGM and the Class Meetings, (ii) all necessary approvals from the CSRC and/or any relevant governmental or regulatory body having jurisdiction over the Company for the proposed issue of the Subscription Shares and matters referred to in or arising out of this Agreement having been obtained by the Company, and (iii) the Listing Committee of the Stock Exchange having granted an approval in principle for the listing of and permission to deal in the Subscription Shares.

Shareholders and potential investors should note that the Completion is subject to fulfillment of the conditions precedent on or before the Long Stop Date. Shareholders and potential investors are reminded to exercise caution when dealing in the H Shares.

The net proceeds of the Subscription will be approximately HK\$1,793 million. The Company intends to use such net proceeds for the financing of the future business development, in particular, subject to any necessary approvals from the relevant governmental authorities, the Group's rechargeable batteries, electronic vehicles and other environmental protection measures, as well as for general working capital of the Group.

A circular containing, inter alia, further information on the Subscription, together with notices of the EGM and the Class Meetings, will be sent to the Shareholders as soon as possible.

Trading in the H Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 29 September 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in its H Shares with effect from 2:30 p.m. on 29 September 2008.

INTRODUCTION

The Board wishes to announce that the Company has entered into the Strategic Investment and Subscription Agreement with MidAmerican Energy on 26 September 2008, pursuant to which MidAmerican Energy (as principal) agreed to subscribe for, and the Company agreed to allot and issue, fully paid-up 225,000,000 H Shares at a price of HK\$8.00 per H Share.

THE STRATEGIC INVESTMENT AND SUBSCRIPTION AGREEMENT

Date

26 September 2008

Parties involved

The Company and MidAmerican Energy

MidAmerican Energy

MidAmerican Energy Holdings Company, based in Iowa, the United States of America, is a holding company of a group of companies that are principally engaged in the production, transportation and delivery of energy from a variety of fuel sources including coal, natural gas, geothermal, hydroelectric, nuclear, wind and biomass, and provides electric and natural gas service to more than 6.9 million customers worldwide. MidAmerican Energy is a consolidated subsidiary of Berkshire Hathaway Inc.

Berkshire Hathaway Inc., a company listed on the New York Stock Exchange, is a holding company owning subsidiaries that engage in a number of diverse business activities including property and casualty insurance and reinsurance, utilities and energy, finance, manufacturing, services and retailing. Berkshire Hathaway Inc. has an 87.4% interest in MidAmerican Energy.

To the best information, knowledge and belief of the Directors, having made reasonable enquiries, MidAmerican Energy, Berkshire Hathaway Inc. and their respective ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subscription Shares

The 225,000,000 Subscription Shares to be issued pursuant to the Strategic Investment and Subscription Agreement represent (i) approximately 10.98% of the existing total registered capital of the Company; (ii) approximately 39.61% of the existing H Shares in issue; (iii) approximately 9.89% of the total registered capital of the Company as enlarged by the issue of the Subscription Shares; and (iv) approximately 28.37% of the total H Shares in issue as enlarged by the issue of the Subscription Shares.

The Subscription Shares will, when fully paid, be allotted and issued in accordance with the articles of association of the Company and with the relevant rules and regulations applicable to the Company in the PRC and Hong Kong, and will, upon issue, rank pari passu in all respects with the H Shares in issue and be free from all liens, charges, encumbrances or third party rights of whatsoever nature. The Subscription Shares will not be subject to any lock-up restriction or any other restrictions on their subsequent sale or disposal.

The Subscription Shares will be allotted and issued under the Special Mandate proposed to be passed at the EGM and the Class Meetings.

Subscription Price

The Subscription Price was determined after arm's length negotiation between the Company and MidAmerican Energy and with reference to the prevailing market prices of the H Shares. The Subscription Price represents (i) a discount of approximately 4.76% to the closing price of HK\$8.4 per H Share as quoted on the Stock Exchange on the Last Trading Day, (ii) a discount of approximately 1.38% to the average closing price of approximately HK\$8.112 per H Share for the last five consecutive trading days up to and including the Last Trading Day, and (iii) a discount of approximately 3.31% to the average closing price of approximately HK\$8.274 per H Share for the last ten consecutive trading days up to and including the Last Trading Day.

Conditions precedent

Completion of the Strategic Investment and Subscription Agreement is conditional upon:

- (i) the Specific Mandate having been granted by the shareholders of the Company to the Board at the EGM and the Class Meetings;

- (ii) all necessary approvals from the CSRC and/or any relevant governmental or regulatory body having jurisdiction over the Company for the proposed issue of the Subscription Shares and matters referred to in or arising out of this Agreement having been obtained by the Company; and
- (iii) the Listing Committee of the Stock Exchange having granted an approval in principle for the listing of and permission to deal in the Subscription Shares.

The conditions precedent set out in the Strategic Investment and Subscription Agreement are expected to be fulfilled on or before the Long Stop Date.

Completion of the Subscription

The Completion is expected to take place on the fifth Business Day following the satisfaction of the conditions precedent referred to in the paragraph headed “Conditions precedent” above or such other date as the Company and MidAmerican Energy may agree.

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

Board representation

Upon Completion and subject to the approval of the Shareholders at general meeting of the Company, MidAmerican Energy shall have the right to nominate one person to be a non-executive director to the Board for so long as MidAmerican Energy and/or its affiliates holds not less than eighty (80) per cent. of the total number of the Investor Shares. If MidAmerican Energy and/or its affiliates holds less than eighty (80) per cent. of the total number of the Investor Shares as a result of the sale or disposal by MidAmerican Energy of all or any of the Investor Shares, or upon the termination of the Strategic Investment and Subscription Agreement, MidAmerican Energy shall cease to be entitled to nominate any Director to the Board and shall procure the resignation of its nominee as Director.

MidAmerican Energy proposed to nominate, Mr. David L. Sokol, chairman of MidAmerican Energy, as non-executive Director pursuant to the Strategic Investment and Subscription Agreement.

Termination

The terms regarding the Subscription in the Strategic Investment and Subscription Agreement will cease to have effect upon Completion. The remaining terms of the Strategic Investment and Subscription Agreement shall continue to have effect and binding on the parties to the Strategic Investment and Subscription Agreement unless

and until the Strategic Investment and Subscription Agreement is terminated by either party by written notice to the other upon the occurrence of any of the following events:

- (i) the other party commits any material breach of the Strategic Investment and Subscription Agreement and, in the case of a breach capable of remedy, fails to remedy the same within 20 Business Days after receipt of a written notice giving full particulars of the breach and requiring it to be remedied; or
- (ii) the other party makes any voluntary arrangement with its creditors or becomes subject to an administration order; or
- (iii) the other party goes into liquidation; or
- (iv) the other party ceases, or threatens to cease, to carry on business; or
- (v) anything analogous to any of the foregoing under the law of any jurisdiction occurs in relation to the other party; or
- (vi) MidAmerican Energy holds less than eighty (80) per cent. of the Investor Shares as a result of the sale or disposal by MidAmerican Energy of all or any of the Investor Shares.

SHAREHOLDING STRUCTURE BEFORE AND IMMEDIATELY AFTER THE COMPLETION

Set out below is a table showing the shareholding structure of the Company as at the date of this announcement and immediately after the Completion:

Holders of Shares	As at the date of this announcement		Immediately after the Completion	
	<i>Number of Shares</i>	<i>Approximate percentage of shareholding (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding (%)</i>
Domestic Shares				
<i>Directors</i>				
Wang Chuan-fu	570,642,580	27.83	570,642,580	25.08
Lu Xiang-yang	239,228,620	11.67	239,228,620	10.52
Xia Zuo-quan	124,977,060	6.10	124,977,060	5.49
<i>Senior management</i>				
Yang Long-zhong	78,725,740	3.84	78,725,740	3.46
<i>Other Shareholders</i>				
Guangzhou Rongjie Investment Company Limited (<i>Note 1</i>)	167,689,060	8.18	167,689,060	7.37
Others	<u>300,736,940</u>	<u>14.67</u>	<u>300,736,940</u>	<u>13.22</u>
Total Domestic Shares	<u>1,482,000,000</u>	<u>72.29</u>	<u>1,482,000,000</u>	<u>65.14</u>
H Shares				
<i>Director</i>				
Wang Chuan-fu	11,177,700	0.55	11,177,700	0.49
<i>Other Shareholders</i>				
the public	556,922,300	27.16	556,922,300	24.48
MidAmerican Energy	<u>—</u>	<u>—</u>	<u>225,000,000</u>	<u>9.89</u>
Total H Shares	<u>568,100,000</u>	<u>27.71</u>	<u>793,100,000</u>	<u>34.86</u>
Total Shares	<u>2,050,100,000</u>	<u>100.00</u>	<u>2,275,100,000</u>	<u>100.00</u>

Note:

1. Guangzhou Rongjie Investment Company Limited, which holds 167,689,060 Domestic Shares, is a company owned as to 84% by Mr. Lu Xiang-yang, a Director.

The Company as at the date of this announcement maintains, and will upon Completion maintain, the public float of its H Shares as required under the Listing Rules.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

There were no fund raising activities conducted by the Company during the past 12 months immediately preceding the date of this announcement.

REASONS FOR AND BENEFIT OF ENTERING INTO OF THE STRATEGIC INVESTMENT AND SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Company is principally engaged in the research, development, manufacture and sale of rechargeable batteries, automobiles and related products, handset components, assembly services, LCD and other electronic products.

MidAmerican Energy is a global leader in the production of energy from diversified fuel sources including geothermal, natural gas, hydroelectric, nuclear, coal and wind, and leads in the supply and distribution of energy in the U.S. and U.K. consumer markets.

The Subscription will strengthen the financial position of the Company. Further, the Directors consider that the Strategic Investment and Subscription Agreement has indicated the confidence of MidAmerican Energy in the Group's overall development and believe that the introduction of a world renowned and substantial business conglomerate with extensive and diversified business experience as strategic investor is advantageous to the Group's future development. The Directors also believed that the introduction of MidAmerican Energy as the Company's strategic investor would facilitate the Group's strategy to extend its reach to the global market in respect of the Group's rechargeable batteries, electric vehicles and other environmental protection measures.

The Directors (including the independent non-executive Directors) consider that the Strategic Investment and Subscription Agreement was entered into upon normal commercial terms following arm's length negotiations between the Company and MidAmerican Energy.

In light of all of the above, the Directors consider that the terms of the Strategic Investment and Subscription Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The gross proceeds from the Subscription will amount to approximately HK\$1,800 million and the net subscription price of the Subscription Share, after deducting the related expenses, will be approximately HK\$7.97 per H Share. Currently, the Company intends to apply the net proceeds from the Subscription of approximately HK\$1,793 million for the financing of the future business development, in particular, subject to any necessary approvals from the relevant governmental authorities, the Group's rechargeable batteries, electronic vehicles and other environmental protection measures, as well as for general working capital of the Group.

GENERAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at the EGM and the Class Meetings. A circular containing, among other things, further information on the Special Mandate and the Subscription, together with notices of the EGM and the Class Meetings, will be sent to the Shareholders as soon as possible.

Shareholders and potential investors should note that the Completion is subject to fulfillment of the conditions precedent on or before the Long Stop Date. Shareholders and potential investors are reminded to exercise caution when dealing in the H Shares.

RESUMPTION OF TRADING

Trading in the H Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 29 September 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in its H Shares with effect from 2:30 p.m. on 29 September 2008.

TERMS USED IN THIS ANNOUNCEMENT

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

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which licensed banks generally are open for business in the PRC and Hong Kong
“CSRC”	China Securities Regulatory Commission

“Class Meetings”	the respective class meetings of the holders of H Shares and holders of Domestic Shares to be convened and held for the purposes of approving, among other things, the Subscription and the transactions contemplated thereunder
“Company”	比亞迪股份有限公司 (BYD Company Limited), a joint stock limited company incorporated in the PRC
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Shares”	domestic shares of nominal value RMB1.00 each in the share capital of the Company, which are subscribed for or credit as fully paid up in RMB
“EGM”	the extraordinary general meeting of the holders of Domestic Shares and holders of H Shares of the Company to be convened and held for the purpose of approving, among other things, the Subscription and the transactions contemplated thereunder
“H Shares”	overseas listed foreign shares in the registered capital of the Company with nominal value RMB1.00 each which are subscribed for and traded in HK\$
“Investor Shares”	the Subscription Shares and as the case may be, any further H Shares to be allotted and issued to MidAmerican Energy as a result of any capitalisation issue, rights issue or their equivalents
“Last Trading Day”	26 September 2008, being the last trading day prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	26 March 2009, being the last day on which the conditions precedent for the Strategic Investment and Subscription Agreement shall have been fulfilled or such later day, as may be agreed between the Company and MidAmerican Energy
“MidAmerican Energy”	MidAmerican Energy Holdings Company

“PRC”	the People’s Republic of China
“Shareholders”	shareholders of the Company
“Shares”	the Domestic Shares and the H Shares
“Special Mandate”	the specific mandate proposed to be granted to the Directors by the shareholders of the Company at the EGM and the Class Meetings to issue not more than 225,000,000 new H Shares at any time during the period specified in the relevant resolutions set out in the notices of the EGM and the Class Meetings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Investment and Subscription Agreement”	the strategic investment and subscription agreement entered into between the Company and MidAmerican Energy on 26 September 2008 in relation to the Subscription
“Subscription”	the subscription of 225,000,000 new H Shares by MidAmerican Energy pursuant to the Strategic Investment and Subscription Agreement
“Subscription Price”	the price of HK\$8.00 per Subscription Share
“Subscription Shares”	225,000,000 new H Shares to be issued and allotted by the Company to MidAmerican Energy pursuant to the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 29 September 2008

As at the date of this announcement, the board of directors of BYD Company Limited consists of WANG Chuan-fu as executive director, LU Xiang-yang and XIA Zuo-quan as non-executive directors, and LI Dong, WU Chang-qi and LIN You-ren as independent non-executive directors.