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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

Turnover	+26% To RMB26,788 million
Gross profit	+23% To RMB5,219 million
Profit attributable to equity holders of the parent	-37% To RMB1,021 million
Basic earnings per share	-37% To RMB0.50

HIGHLIGHTS

- consolidated the leading position in the global rechargeable battery industry and maintained the market share
- the handset components and assembly business recorded a sales growth of 30%, further strengthening its position in the industry
- the automobile business delivered remarkable performance and recorded a growth of 77% in turnover
- introduced the investment strategic partner, MidAmerican Energy Holdings Company (中美能源控股公司), to acquire a stake

FINANCIAL RESULTS

The board of directors (the "Board") of BYD Company Limited (the "Company" or "BYD") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 (the "Year") together with comparative figures in 2007.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2008.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2008

	Notes	**2008** **RMB'000**	2007 RMB'000
REVENUE	4	**26,788,253**	21,211,213
Cost of sales		**(21,569,417)**	(16,963,526)
Gross profit		**5,218,836**	4,247,687
Other income and gains	4	**332,845**	279,160
Government grants and subsidies		**359,098**	6,173
Selling and distribution costs		**(935,386)**	(648,187)
Research and development costs		**(1,163,091)**	(695,221)
Administrative expenses		**(1,483,547)**	(846,646)
Other expenses		**(472,838)**	(211,665)
Finance costs	6	**(491,945)**	(388,421)
PROFIT BEFORE TAX	5	**1,363,972**	1,742,880
Tax	7	**(88,323)**	(40,551)
PROFIT FOR THE YEAR		**1,275,649**	1,702,329
Attributable to:			
Equity holders of the parent		**1,021,249**	1,611,711
Minority interests		**254,400**	90,618
		1,275,649	1,702,329
DIVIDENDS			
Proposed dividends	8	**—**	701,350
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT – Basic	9	**RMB0.50**	RMB0.79

CONSOLIDATED BALANCE SHEET
31 December 2008

	Notes	**2008** **RMB'000**	2007 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**14,715,754**	10,341,577
Investment properties		**1,985**	2,043
Prepaid land lease payments		**1,516,113**	1,448,294
Goodwill		**58,603**	58,603
Other intangible assets		**730,457**	586,181
Prepayment for property, plant and equipment		**803,152**	386,587
Deferred tax assets		**165,302**	165,221
Total non-current assets		**17,991,366**	12,988,506
CURRENT ASSETS			
Inventories		**6,915,535**	4,548,545
Trade and bills receivables	10	**5,566,164**	5,432,577
Prepayments, deposits and other receivables		**711,959**	675,003
Derivative financial instruments		**—**	60,913
Pledged deposits		**4,724**	43,446
Cash and cash equivalents		**1,701,397**	5,539,501
Total current assets		**14,899,779**	16,299,985
CURRENT LIABILITIES			
Trade and bills payables	11	**6,848,714**	5,715,394
Other payables and accruals		**1,530,035**	1,377,474
Advances from customers		**1,271,930**	969,985
Deferred income		**221,076**	422,329
Derivative financial instruments		**—**	42,725
Interest-bearing bank borrowings		**4,370,850**	6,828,843
Tax payable		**60,342**	178,879
Provision		**92,260**	45,545
Total current liabilities		**14,395,207**	15,581,174
NET CURRENT ASSETS		**504,572**	718,811
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,495,938**	13,707,317

	Notes	**2008** **RMB'000**	2007 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,495,938**	13,707,317
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**4,791,561**	1,294,843
Deferred income		**367,005**	—
Deferred tax liabilities		**—**	2,215
Total non-current liabilities		**5,158,566**	1,297,058
Net assets		**13,337,372**	12,410,259
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	12	**2,050,100**	539,500
Reserves		**9,235,468**	9,467,268
Proposed dividends	8	**—**	701,350
		11,285,568	10,708,118
Minority interests		**2,051,804**	1,702,141
Total equity		**13,337,372**	12,410,259

NOTES TO FINANCIAL STATEMENTS

31 December 2008

1. CORPORATE INFORMATION

BYD Company Limited (the "Company") is a joint stock limited liability company registered in the People's Republic of China (the "PRC"). The Company's H shares have been listed on The Stock Exchange of Hong Kong Limited since 31 July 2002. The registered office of the Company is located at Yan An Road, Kuichong, Longgang District, Shenzhen, Guangdong Province, the PRC.

The principal activities of the Group are the research, development, manufacture and sale of rechargeable batteries, automobiles and related products, handset components, LCD and other electronic products.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	*Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The principal effects of adopting these new interpretation and amendment to HKFRSs are as follows:

(a) Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held to maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) HK(IFRIC)-Int 11 HKFRS 2 – Group and Treasury Share Transactions

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

(c) HK(IFRIC)-Int 12 Service Concession Arrangements

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for the obligations undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(d) HK(IFRIC)-Int 14 HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	*Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
HKFRS 2 Amendments	*Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations* [1]
HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [2]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 7 Amendments	*Amendment to HKFRS 7 Financial instruments: Disclosure – Improving Disclosures about Financial Instruments* [1]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
HKAS 32 and HKAS 1 Amendments	*Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HKAS 39 Amendment	*Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	*Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivative and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives* [6]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate* [1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation* [4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners* [2]
HK(IFRIC)-Int 18	*Transfers of Assets for Customer* [5]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, the amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Apply prospectively to transfers of assets from customers received on or after 1 July 2009
6 Effective for annual periods beginning on or after 30 June 2009
* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the battery and other products segment comprises the manufacture and sale of rechargeable batteries principally for mobile phones, emergency lights and other battery related products;

(b) the mobile handset components segment comprises the manufacture and sale of LCD and other handset components;

(c) the automobiles and related products segment comprises the manufacture and sale of automobiles and auto-related moulds and components; and

(d) the "others" segment comprises, principally, non-manufacturing business of the Group.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No asset and liability information by geographical segment is presented as over 90% of the Group's assets are located in Mainland China.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

Year ended 31 December 2008	Battery and other products RMB'000	Mobile handset components RMB'000	Automobiles and related products RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	6,207,557	11,933,013	8,645,898	1,785	26,788,253
Segment results	644,274	683,053	503,582	188	1,831,097
Interest and unallocated gain					24,820
Finance costs					(491,945)
Profit before tax					1,363,972
Tax					(88,323)
Profit for the year					1,275,649
Assets and liabilities:					
Segment assets	5,355,190	11,397,811	13,916,273	3,361	30,672,635
Corporate and other unallocated assets					2,218,510
Total assets					32,891,145
Segment liabilities	1,637,359	3,129,447	5,368,038	431	10,135,275
Corporate and other unallocated liabilities					9,418,498
Total liabilities					19,553,773
Other segment information:					
Impairment of trade receivables	72,116	42,929	3,868	—	118,913
Write-down of inventories	(3,348)	43,225	11,479	—	51,356
Impairment losses of trade receivables reversed	(2,949)	(1,719)	(18)	—	(4,686)
Impairment of property, plant and equipment	218	217	4,799	—	5,234
Loss on disposal of property, plant and equipment	19,654	3,033	5,445	—	28,132
Depreciation and amortisation	319,951	591,212	450,105	605	1,361,873
Capital expenditure	706,789	2,518,639	2,854,542	—	6,079,970

Year ended 31 December 2007	Battery and other products RMB'000	Mobile handset components RMB'000	Automobiles and related products RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	7,149,237	9,186,864	4,871,993	3,119	21,211,213
Segment results	755,862	1,072,742	257,348	(883)	2,085,069
Interest and unallocated gain					46,232
Finance costs					(388,421)
Profit before tax					1,742,880
Tax					(40,551)
Profit for the year					1,702,329
Assets and liabilities:					
Segment assets	5,275,423	13,844,254	8,385,042	4,309	27,509,028
Corporate and unallocated assets					1,779,463
Total assets					29,288,491
Segment liabilities	2,609,628	3,718,079	3,246,944	1,556	9,576,207
Corporate and other unallocated liabilities					7,302,025
Total liabilities					16,878,232
Other segment information:					
Impairment of trade receivables	20,448	10,666	115	—	31,229
Write-down of inventories	(16,028)	47,576	1,204	—	32,752
Impairment losses of trade receivables reversed	(5,099)	(14,000)	—	—	(19,099)
Impairment of property, plant and equipment	—	—	102,998	—	102,998
Impairment of other intangible assets	—	—	38,679	—	38,679
Loss on disposal of property, plant and equipment	7,677	4,708	272	—	12,657
Depreciation and amortisation	276,180	354,602	279,802	609	911,193
Capital expenditure	472,250	2,152,590	2,997,473	43	5,622,356

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments for the years ended 31 December 2008 and 2007.

Year ended 31 December 2008	**PRC**	**Europe**	**America**	**Asia Pacific (excluding PRC)**	**Others**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue:						
Sales to external customers	**19,628,313**	**1,987,717**	**1,407,205**	**3,360,653**	**404,365**	**26,788,253**

Year ended 31 December 2007	PRC	Europe	America	Asia Pacific (excluding PRC)	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	13,493,285	2,102,664	1,454,385	3,905,587	255,292	21,211,213

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the value of assembly services rendered and an appropriate proportion of contract revenue of construction contracts during the year.

An analysis of revenue, other income and gains is as follows:

		Group	
		2008	2007
	Notes	**RMB'000**	RMB'000
Revenue			
Sale of goods		**22,916,276**	19,300,606
Assembly services income		**3,862,823**	1,898,106
Construction contracts		**9,154**	12,501
		26,788,253	21,211,213
Other income			
Subcontracting income		**4,609**	1,561
Bank interest income	5	**91,308**	28,483
Net rental income	5	**17,763**	9,356
Gain on disposal of scrap		**148,113**	167,860
Others		**57,256**	67,803
		319,049	275,063
Gains			
Net fair value gains on derivative instruments- transactions not qualifying as hedges	5	**13,796**	4,097
		332,845	279,160

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Group	
		2008	2007
	Notes	**RMB'000**	RMB'000
Cost of inventories sold		**17,753,062**	12,630,514
Cost of services provided		**3,764,999**	1,848,001
Depreciation		**1,211,403**	840,021
Impairment of property, plant and equipment**		**5,234**	102,998
Impairment of other intangible assets**		**—**	38,679
Recognition of prepaid land lease payments		**30,828**	12,720
Amortisation of intangible assets other than development costs ****		**58,588**	16,494
Research and development costs			
Deferred expenditure amortised*		**61,054**	41,958
Current year expenditure		**1,102,037**	653,263
		1,163,091	695,221
Impairment of goodwill**		**4,875**	—
Minimum lease payments under operating leases:			
Land and buildings located in Mainland China		**25,843**	12,954
Auditors' remuneration		**6,354**	4,078
Employee benefit expense (including directors' and supervisors' remuneration):			
Wages and salaries		**3,063,307**	2,237,923
Equity-settled share expense		**—**	150,000
Welfare		**39,889**	22,656
Retirement benefit scheme contributions		**280,487**	237,901
		3,383,683	2,648,480
Loss on disposal of items of property, plant and equipment **		**28,132**	12,657
Foreign exchange differences, net **		**279,208**	73,814
Impairment of trade receivables	10	**118,913**	31,229
Impairment losses of trade receivables reversed	10	**(4,686)**	(19,099)
Write-down of inventories ***		**51,356**	32,752
Product warranty provision		**119,490**	82,016
Net fair value gains on derivative instruments - transactions not qualifying as hedges	4	**(13,796)**	(4,097)
Net rental income	4	**(17,763)**	(9,356)
Bank interest income	4	**(91,308)**	(28,483)

* The amortisation of deferred development costs for the year is included in "Research and development costs" on the face of the consolidated income statement.

** The net foreign exchange differences, impairment of property, plant and equipment, impairment of other intangible assets, impairment of goodwill and loss on disposal of items of property, plant and equipment for the year are included in "Other expenses" on the face of the consolidated income statement.

*** Write-down of inventories for the year is included in "Cost of sales" on the face of the consolidated income statement.

**** Amortisation of intangible assets other than development costs for the year is included in "Administrative expenses" on the face of the consolidated income statement.

6. FINANCE COSTS

	Group	
	2008	2007
	RMB'000	RMB'000
Interest on bank borrowings and other loans wholly repayable within five years	**520,463**	380,153
Interest on bank borrowings wholly repayable over five years	**17,769**	—
Bank charges for discounted notes	**42,315**	9,373
	580,547	389,526
Less: Interest capitalised	**(88,602)**	(1,105)
	491,945	388,421

The average capitalisation rate for the year used to determine the amount of borrowing costs eligible for capitalisation was 6.16% (2007: 5.33%).

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007:17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 December 2008. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. No provision for profits tax in the United States of America, Japan, Denmark, India, Hungary, Romania and Finland has been made for the year as the Group did not generate any assessable profits from these jurisdictions during the year.

The Company and its subsidiaries registered in the PRC are subject to Corporate Income Tax. On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), which became effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic-invested and foreign-invested enterprises from 1 January 2008 has decreased from 33% to 25%. Pursuant to the transitional arrangement under the New CIT Law, the income tax rate applicable to certain PRC subsidiaries will only be gradually increased from the existing rate of 18% to the unified rate of 25% over a 5-year transitional period.

Certain subsidiaries operating in Mainland China are approved to be high and new technology enterprises and are entitled to enjoy reduced enterprise income tax rates ranging from 9% to 15% of the estimated assessable profits for the year.

Certain subsidiaries operating in Mainland China are entitled to exemptions from income tax for the two years commencing from their first profit-making year of operation and thereafter, entitled to a 50% relief from income tax for the next three years.

	2008	2007
	RMB'000	RMB'000
Group:		
Current – Hong Kong		
Charge for the year	**3,986**	—
Current – Mainland China		
Charge for the year	**180,264**	199,527
(Overprovision)/underprovision in prior years	**(93,631)**	1,871
Deferred	**(2,296)**	(160,847)
Total tax charge for the year	**88,323**	40,551

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rate) to the effective tax rates, are as follows:

Group	**2008**		2007	
	RMB'000	**%**	RMB'000	%
Profit before tax	**1,363,972**		1,742,880	
Tax at the statutory tax rate	**340,993**	**25.0**	575,150	33.0
Lower tax rate for specific provinces or local authority	**(335,243)**	**(24.5)**	(583,105)	(33.5)
Income not subject to tax	**(1,606)**	**(0.1)**	(59,992)	(3.4)
Expenses not deductible for tax	**20,719**	**1.5**	92,041	5.3
Tax losses not recognised	**89,327**	**6.5**	55,071	3.2
Tax losses utilised from previous periods	**—**	**—**	(28,456)	(1.6)
Effect on opening deferred tax assets changed tax rate	**6,737**	**0.5**	(5,963)	(0.3)
Adjustments in respect of current tax of previous periods	**—**	**—**	1,871	0.1
Super-deduction of research and development costs	**(32,604)**	**(2.4)**	(6,066)	(0.3)
Tax charge at the Group's effective rate	**88,323**	**6.5**	40,551	2.5

8. DIVIDENDS

	2008	2007
	RMB'000	RMB'000
Interim – RMBNil (2007: RMB1.3) per ordinary share	**—**	701,350

The directors do not recommend the payment of a final dividned for the year ended 31 December 2008.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during this year, as adjusted to reflect the bonus issue during the year.

A diluted earnings per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed as no diluting events existed during the two years.

The calculation of basic earnings per share is based on:

	2008	2007
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,021,249**	1,611,711

	Number of shares	
	2008	2007
	RMB'000	RMB'000
Shares		
Weighted average number of ordinary shares in issue during the year, as adjusted to reflect the bonus issue during the year used in the basic earnings per share calculation	**2,050,100,000**	2,050,100,000

10. TRADE AND BILLS RECEIVABLES

	Group	
	2008	2007
	RMB'000	RMB'000
Trade receivables	**2,969,492**	4,233,051
Bills receivable	**2,896,829**	1,400,925
Impairment	**(300,157)**	(201,399)
	5,566,164	5,432,577

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the balance sheet date, the Group had certain concentrations of credit risk as 41% (2007: 38%) and 64% (2007: 66%) the Group's trade receivables were due from the Group's largest customer and the five largest customers. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	Group	
	2008	2007
	RMB'000	RMB'000
Within three months	**5,023,377**	5,105,216
Three to six months	**528,934**	310,387
Six months to one year	**9,937**	10,600
Over one year	**3,916**	6,374
	5,566,164	5,432,577

At 31 December 2008, the Group pledged bills receivable of RMB1,171,466,000 (2007: RMB168,206,000) to secure the Group's bank loans.

The movements in provision for impairment of trade and bills receivables are as follows:

	Group	
	2008	2007
	RMB'000	RMB'000
At 1 January	**201,399**	209,218
Impairment of trade receivables (note 5)	**118,913**	31,229
Impairment losses reversed (note 5)	**(4,686)**	(19,099)
Written off as uncollectible	**(14,920)**	(19,949)
Exchange Realignments	**(549)**	—
At 31 December	**300,157**	201,399

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade receivables of RMB300,157,000 (2007: RMB201,399,000) with a carrying amount of RMB681,929,000 (2007: RMB370,699,000). The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	RMB'000	RMB'000
Neither past due nor impaired	**4,877,245**	4,673,586
Less than one year past due	**307,147**	589,691
	5,184,392	5,263,277

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008	2007
	RMB'000	RMB'000
Within three months	**5,963,428**	5,049,976
Three to six months	**646,185**	534,392
Six months to one year	**163,394**	51,320
One to two years	**59,125**	40,284
Two to three years	**6,744**	23,104
Over three years	**9,838**	16,318
	6,848,714	5,715,394

The trade payables are non-interest-bearing and are normally settled within 30 to 120 days terms.

12. SHARE CAPITAL

Shares

	2008	2007
	RMB'000	RMB'000
Authorised, issued and fully paid:		
2,050,100,000 (2007: 539,500,000) ordinary shares of RMB1 each	**2,050,100**	539,500

In the shareholders' meeting held on 20 March 2008, the shareholders of the Company approved the increase of the registered capital of the Company by capitalising the capital reserve, pursuant to which bonus shares were allotted and issued to the shareholders of the Company on the basis of 28 bonus shares for every 10 shares held by the shareholders of the Company on 20 March 2008 and the registered capital was increased from 539,500,000 to 2,050,100,000 of RMB1 per share.

13. COMMITMENTS

The Group had the following capital commitments at the balance sheet date:

	Group	
	2008	2007
	RMB'000	RMB'000
Contracted, but not provided for:		
Land and buildings	**434,903**	702,227
Plant and machinery	**939,697**	1,254,223
	1,374,600	1,956,450
Authorised, but not contracted for:		
Land and buildings	**—**	129,372
	1,374,600	2,085,822

14. CONTINGENT LIABILITIES

In June 2007, a Hong Kong High Court (the "Court") action (the "June 2007 Action") was commenced by a subsidiary and an affiliate of Foxconn International Holdings Limited (the "Plaintiffs") against the Company and certain subsidiaries of the Group (the "Defendants") for allegations in connection with the use of confidential information alleged to have been obtained improperly from the Plaintiffs. The Plaintiffs alleged that the Defendants have directly or indirectly through the assistance of certain employees of the Plaintiffs, induced and procured certain former employees of the Plaintiffs (some of whom were subsequently employed by the Group) to breach their contractual and fiduciary duties with their former employer, the Plaintiffs, by disclosing to the Defendants confidential information that such employees have acquired through their employment with the Plaintiffs. In addition, it was alleged that the Defendants knew or ought to have known the confidential nature of such information and that the Defendants allowed or acquiesced its misuse in establishing a handset production system that is highly similar to the Plaintiffs' handset production system and using the Plaintiffs' confidential information with respect to their suppliers and customers. The Plaintiffs discontinued the June 2007 Action on 5 October 2007 with the effect that the June 2007 Action has been wholly discontinued against all the Defendants named in the action and that this finally disposed of the June 2007 Action without any liability to the Defendants. On the same day, the Plaintiffs initiated a new set of legal proceedings in the Hong Kong High Court (the "October 2007 Action"). The Defendants named in the October 2007 Action are the same as the Defendants in the June 2007 Action, and the claims made by the Plaintiffs in the October 2007 Action are based on the same facts and the same allegations arising from the June 2007 Action. In essence, the Plaintiffs allege that the Defendants have misappropriated and misused confidential information belonging to the Plaintiffs. The remedies sought by the Plaintiffs in the October 2007 Action include an injunction restraining the Defendants from using the alleged confidential information, an order for the disgorgement of profit made by the Defendants through the use of the confidential information, damages based on the loss suffered by the Plaintiffs and exemplary damages. The Plaintiffs have quantified part of their claim for damages, consisting of the estimated cost of producing the alleged confidential information of RMB2,907,000 and an amount of RMB3,600,000 which allegedly represents compensation paid by the Plaintiffs to other parties to whom they owed a duty to keep confidential the alleged confidential information. The damages otherwise sought by the Plaintiffs in the October 2007 Action have not been quantified.

Regarding the October 2007 Action, the Company has given an indemnity in favour of other defendants for all liabilities, losses, damages, costs and expenses (if any) incurred arising out of or in connection with the October 2007 Action. The indemnity given by the Company to the indemnified parties will not cover loss of future profit and revenue as well as any obligation, such as ceasing to use certain information, on the part of the indemnified parties to comply with any injunction order or any court order to deliver up documents. As at the date of the consolidated financial statements, the service of writs on all of the Defendants has been duly acknowledged.

On 2 November 2007, the Company and BYD HK, the Defendants which had been served with the writ at that time, applied for a stay of the legal proceedings. The hearing of the stay took place on 11 and 12 June 2008 and the judgment in respect of the stay application was handed down on 27 June 2008. The stay application was dismissed and an order was also made that cost of the stay application to the Plaintiff, to be assessed by the court, if not agreed. The Group is seeking legal advice in light of the judgment and reserve the right to appeal against the decision of the Court of First Instance. The Group also reserves the right to file counterclaims against the Plaintiffs.

Based on legal advice of the litigation legal counsels to the Group, the ultimate outcome of the litigation is not yet determinable given the early stage of the proceedings. Accordingly, no liability accrual has been recorded by the Group.

15. POST BALANCE SHEET EVENTS

At an extraordinary general meeting held on 9 March 2009, the shareholders approved and authorised the Company to issue the Medium-Term Notes in the PRC with an aggregate principal amount of not more than RMB4 billion. The Medium-Term Notes will be issued only to the institutional investors in the interbank bond market in the PRC, save for those prohibited by the PRC laws or regulations from subscription (and not the general public). The term of the Medium-Term Notes is 5 years from the date of issue. The interest rate is to be determined according to the prevailing market conditions at the time of issue, but in any event expected to be not higher than the best lending rate quoted by the People's Bank of China for the corresponding period. The proposed issue of the Medium-Term Notes is subject to approval of the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT REVIEW

The year ended 31st December 2008 (“the year”) was a tough year for the handset industry. Unprecedented global financial crisis and significant economic downturn which weakened consumers’ confidence and consumption power has taken a heavy toll on the handset industry. According to estimated data from leading manufacturers in the industry, market demand for handsets declined substantially starting from the second half of 2008, especially in the fourth quarter, when the industry even recorded negative growth. During the year, the output of handsets was approximately 1,213 million units, up approximately 8.3% from approximately 1,120 million units in 2007. Intensive market competition and sustained operating pressure fueled integration in the industry through natural selection, in which only manufacturers with strong costs competitiveness and good customer relationship could win. In the face of rapid product obsolescence and increasingly prominent price sensitivity, coupled with pressure of raw materials, labor costs and financing costs, international leading handset brands implemented more stringent production costs control and prudent selection of suppliers, with an aim to enhance the competitiveness of product price and increase their market shares. Therefore, for “one stop” suppliers with highly vertically integrated capabilities and global production and service platforms, the current market environment represents a good opportunity for further cooperation with international leading handset brands.

In the automobile market, due to global financial crisis which tightened the economy, domestic macro economic environment also experienced a certain degree of change. Influenced by a series of factors such as natural disasters, generally depressed global stock markets and domestic implementation of exhaust discharge standards, growth in annual production and sales volumes in China’s automobile market slowed down significantly, while growth potential of export was also inhibited. According to the China Association of Automobile Manufactures, in 2008, aggregate production and sales volume of the automobile market in China were approximately 9.345 million vehicles and approximately 9.38 million vehicles respectively, representing a year-on-year increase of approximately 5.2% and 6.7% respectively, a significant slowdown in growth rate. Of these, sales of sedans exceeded approximately 5.047 million units, representing a year-on-year increase of approximately 6.8%. Domestic brands accounted for approximately 26% of the total sales volume of sedans and continued to occupy a major position in the market.

BUSINESS REVIEW

The two principal businesses of BYD Company Limited ("BYD" or the "Group") comprise the IT parts business and the automobile business. The IT parts business mainly consists of the rechargeable battery business and the handset components and assembly services. During the year, with the slackening global handset market, the rechargeable battery business of the Group showed a slight decline, while its handset components and assembly services recorded a strong growth. During the year, despite a slowdown in automobile market growth, the automobile business continued to achieve outstanding performance and brought encouraging income and profit contributions to the Group.

IT Parts — Rechargeable Batteries

During the year, although BYD recorded a slight decline in the sales of rechargeable batteries due to the global economic crisis, the Group continued to maintain its leading position in the rechargeable battery market. During the year, sales of rechargeable batteries and other related products was approximately RMB6,208 million, representing a year-on-year decrease of approximately 13%. Rechargeable batteries consist of lithium-ion batteries and nickel batteries. Sales of lithium-ion batteries amounted to approximately RMB3,937 million, basically in line with the previous year. Affected by the US economy and the sluggish power tool market, the sales of nickel batteries went down to approximately RMB2,204 million, representing a year-on-year decrease of approximately 26%.

During the year, the Group strengthened its strategic partnership with leading global handset manufacturers. For the first three quarters, the Group's lithium-ion battery business continued to achieve satisfactory growth. However, in the fourth quarter, due to a dramatic decline in global demand for handsets, coupled with the inventory reduction of handset manufacturers, the Group's lithium-ion battery business declined significantly. Leveraging on its consistent supply of quality products and cost-effectiveness, the Group managed to maintain its leading position and market shares in the slackening market. Meanwhile, the Group also actively expanded to new business areas by gradually making inroads to the development and application of notebook batteries, network energy and solar energy batteries.

The weak US economy which squeezed the size of the power tool market, sales volume of nickel batteries recorded a decline during the year. Nevertheless, being a top global manufacturer of high-quality nickel batteries with considerable pricing power, the Group managed to maintain its leading position and market shares. The Group was able to retain the gross profit margin despite of decreasing sales. On the other hand, the Group also strived to enhance its market competitiveness during the year through measures such as continuous optimization of cost structure to partially offset the adverse effect of high raw material prices on profits.

IT Parts – Handset Components and Assembly Services

During the year, the Group continued to provide customers with one-stop vertically integrated supply services. The Group's handset components and assembly services business recorded sales of approximately RMB11,933 million, representing a year-on-year increase of approximately 30%. In which, the sales from BYD Electronic (International) Company Limited ("BYD Electronic") amounted to approximately RMB8,555 million (including its sales to the Group), representing an increase of approximately 48% as compared to year 2007. The primary business of BYD Electronic includes the manufacture and sales of handset components (including handset casings and keypads) and modules incorporated with mechanical components such as handset casing, microphones, connectors and other handset assembly parts, and the provision of two types of assembly services, including high-level assembly service and PCB assembly service. As BYD Electronic expanded its assembly services, the sales of the assembly services surged more than double during the year as compared with year 2007.

Apart from the handset components and assembly services undertaken by BYD Electronic, the Group's handset component business also includes production of LCD screens, flexible printed circuit boards, handset camera modules and power supply components. During the year, sales of non-BYD Electronic handset components amounted to approximately RMB3,423 million, basically in line with the year 2007. During the year, there was a substantial change in the Group customer profile after an active exploration of new customers. As a result, many handset components had entered the supply chain of famous international handset brands, gaining larger proportion to the total income.

Automobile Business

Despite the weakened consumption market, the Group continued to strengthen product research and development riding on its costs effective production system and refining product lines, thereby further enhanced its market image and position in the industry. During the year, the turnover of the automobile business was approximately RMB8,646 million, representing a year-on-year increase of approximately 77%. The output of automobile amounted to approximately 170,000 units, doubling year-on-year. In which, the F3 model continued to maintain outstanding sales performance in the market and recorded an annual output of 140,000 vehicles, a year-on-year increase of over 60%. It was one of the top ten models of sedan for several consecutive months in terms of monthly sales and the best selling model of self-owned brand of sedan. At the end of March 2008, the F6 model, BYD's first model of mid- to high- end sedan, was officially launched through out the nation. Targeting at mid to high-end markets, the new F6 model with its high quality and value for money better fulfills the requirements of consumers for mid to high-end sedan no matter in details, operation and comfort. Furthermore, the Group launched the F0 series economy model in September targeting the low displacement vehicle market. Offering an option of higher value for money vehicle to customers under the current market condition, the F0 model was well-received after launching, and has once been ranked among the top ten brands of sedan in terms of monthly sales. Apart from traditional vehicles, the long-awaited dual mode F3DM, the world's first new energy vehicle with no reliance of specialized electric charging station, was officially launched on 15 December 2008. This dual mode vehicle has incorporated the most sophisticated technologies in automobile manufacturing, batteries application, engineering system and the technology of vehicle containing batteries, symbolizing a paradigm of energy saving, environmental protection, fashion and high technology.

Share Subscription from a Strategic Investment Partner

In September 2008, MidAmerican Energy Holdings Company, a subsidiary of Berkshire Hathaway, entered into a strategic investment and subscription agreement with BYD. Pursuant to the agreement, MidAmerican Energy Holdings Company subscribed for 225 million shares (representing 9.89% of the enlarged share capital) in BYD at HK$8 per share with a total consideration of HK$1.8 billion. Moreover, MidAmerican Energy Holdings Company has nominated Mr. David Sokol, chairman of MidAmerican, as non-executive director of BYD. This long-term investment from strategic partner helps promote global sales of BYD's new energy vehicles and other environmental protection products, and further strengthen the confidence of investors in BYD. For details, please refer to the announcements issued by the Company on 29 September 2008 and 26 March 2009 respectively.

FUTURE PROSPECTS AND STRATEGIES

IT Parts — Rechargeable Batteries

Looking forward, the global financial tsunami will continue to affect the world's economy and the global handset industry will face unprecedented challenges. Moreover, the demand for power tools in the US market will be further weakened. These factors are going to affect the Group's rechargeable battery business to a certain extent. Nevertheless, capitalizing on its leading position in the global rechargeable battery market for years, its strong research and development capabilities and competitive pricing strategies, the Group aims to maintain a steady development in the challenging market conditions. The Group will adhere to its policy of supplying quality products further diversify applications of battery products, explore new business areas and strengthen cost control, so as to capture a greater market share and consolidate its leading position in the rechargeable battery market.

IT Parts – Handset Components and Assembly Services

The tightened macro economy brought by the global financial crisis has intensified the market consolidation, the handset manufacturers of various brands will therefore reduce the production volume which driving the decline in demand for handset components and assembly services. The Group believes that the adjustment of the handset industry will provide more business opportunities and room for development. The Group's cost and price advantages, effective quality control and well-established relationship with customers will assist the Group to stand out from the others amid the keen competition in the future. Capitalising on the Group's sophisticated equipment research and development capabilities, mould tooling capabilities and workflow design capabilities as well as advanced factory management capabilities, the Group is able to decrease its production costs effectively and improve its product quality. The strategy of vertical integration enables us to provide one-stop services, which greatly satisfies customer needs and ensures the increase in customer orders as well as market shares. Furthermore, the cost pressure on the Group will be released in the future as the price of raw materials declines and the appreciation of Renminbi slows down. As a consistent development strategy and objective, the Group strives to develop an integrated global platform for production and services, so as to further enhance its market position and become a leading global supplier of handset components and assembly services.

Automobile Business

Being a driving force of the national economy, the development of automobile industry has been included as an important measure to stimulate the economy in the PRC in 2009. Therefore, a series of measures to stimulate the automobile industry development have been promulgated accordingly. Confronting the domestic and foreign economic conditions together with the supporting measures by the PRC government, the growth of domestically manufactured automobiles of self-owned brand, small displacement vehicles and new energy vehicles maybe significantly exceed the average level of the industry. Relying on the high performance-price ratio automobile products and the existing enhanced branding position, it is anticipated that the Group will continue to maintain a rapid growth rate in 2009, further enhancing its competitiveness and position in the industry. The tightened macro economy will provide room for downward pricing adjustment of raw materials, in particular the price of steel. In addition, the completion of the new R&D and production bases for automobiles in Pingshan, Shenzhen, will enable the Group to benefit from economies of scale, thereby enhancing the Group's profitability.

As a leading manufacturer of automobiles of self owned brand powered by new energy, the Group launched the first dual mode vehicle with no reliance of specialized charging stations by the end of 2008, and received extensive honors and expectations from the industry. The Group will actively engage in various cooperation projects of the commercial use of DM vehicles, expand the production capacity of new energy automobile and actively explore overseas markets. National plans for promoting the automobile industry will provide a large amount of subsidies, which could be used to improve the relevant infrastructure and fuel the rapid growth of Group's new energy automobiles. BYD will continue to follow the development path of "self research and development, self production and self owned brand", launch diversified quality products with competitiveness and focus on enhancing brand awareness and reputation. The Group aims to become a leading manufacturer of traditional and new energy automobilies in the world.

PROSPOSED ISSUE OF A SHARES

The Company issued an announcement on 28 January 2008, proposing the issue and allotment of not more than 58,500,000 A Shares (taking into no account of the bonus issue ("Bonus Issue")) or not more than 222,300,000 A Shares (on the basis that the Bonus Issue is completed and a total of 1,510,600,000 Bonus Shares are issued), subject to the approval from the relevant regulatory authorities. The proposed issue of A shares has been approved by the shareholders of the Company at the SGM, domestic class meeting and the H shares class meeting held on 20 March 2008. The Group considers that the issue of A Shares will provide a new financing platform for BYD, thereby strengthening its business development and further enhancing its competitiveness. However, due to poor performance of the A Share market during the year, the Group has not yet completed the plan for issuing A Shares. The approval granted at the SGM has expired on 19 March 2009. The Group will identify appropriate opportunities in future and seek approval from Shareholders for A Share issue.

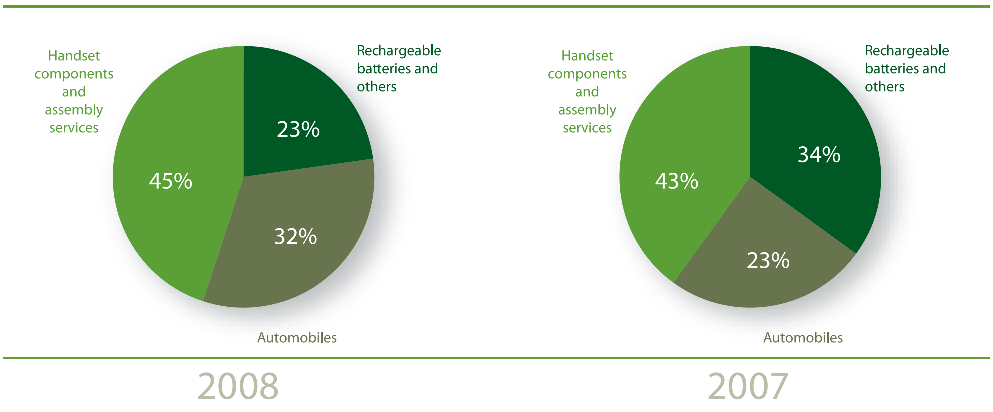
FINANCIAL REVIEW

Turnover and Profit attributable to equity holders

During the year, turnover remained increase as compared with 2007. Turnover brought by the rechargeable battery business was basically in line with the previous year, while handset components and assembly business and automobile business recorded satisfactory growth during the year. And profit attributable to equity holders of the parent decreased year-on-year, which was mainly attributable to the decrease in the gross profit margins of the Group, an increase in research costs and administrative expenses, and the appreciation in RMB value, etc.

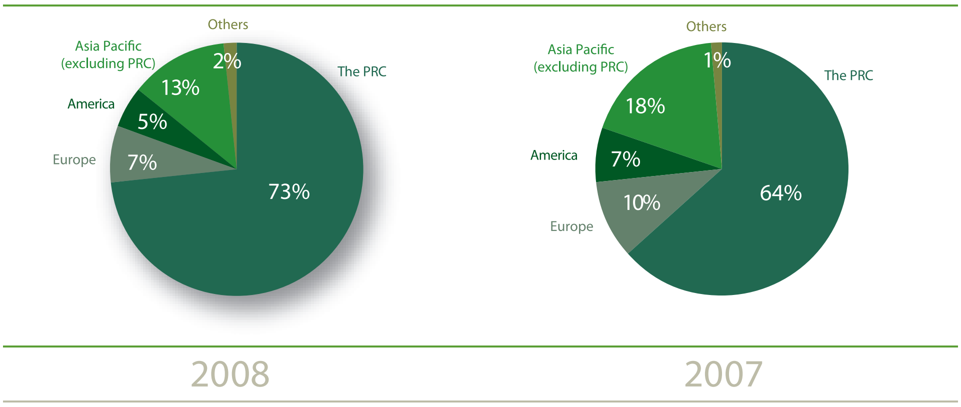
Segmental Information

The table below sets out comparisons of the Group's turnover by product category for the years ended 31st December 2007 and 2008:



During the year, the proportion of the three major businesses to the overall turnover changed when compared with the corresponding period of 2007. The change was mainly due to the substantial growth in the handset components and assembly business and the automobile business, which contributed to the slight increase in proportion of the two businesses to the overall turnover.

The table below sets out comparisons of the Group's geographical segments by customer locations for years ended 31st December 2007 and 2008:



Gross Profit and Margin

During the year, the Group's gross profit increased by approximately 23% to approximately RMB5,219 million. Gross profit margin decreased slightly from approximately 20% in 2007 to approximately 19% in 2008. The decrease in gross profit margin was mainly due to: (1) income from the handset components and assembly business which had lower gross profit margin, the proportion of which to the overall income increased significantly during the year; (2) decreased gross profit margin of handset components business as a result of unfavorable factors such as high price of raw materials, volatile exchange rates and RMB appreciation, which offset the increase in gross profit from the lithium-ion battery business and the automobile business.

Liquidity and Financial Resources

During the year, BYD generated operating cash inflows of approximately RMB1,816 million, compared with RMB1,747 million for 2007. Total borrowings as at 31st December 2008, including all bank loans and bank advances, were approximately RMB9,162 million, compared with approximately RMB8,124 million as at 31st December 2007. The maturity profile spread over a period of ten years, with approximately RMB4,371 million repayable within one year and approximately RMB1,720 million in the second year, approximately RMB2,207 millon within three to five years and approximately RMB864 million over five years. The increase in total borrowings was due to the increase of the number of new projects, research and development expenses and production capacity. The Group maintained adequate daily liquidity management and capital funding expenditure requirements to regulate internal operating cashflow.

The turnover days of trade and bills receivables were about 75 days for the year ended 31st December 2008 as compared to approximately 73 days for the year ended 31st December 2007. The slight increase in the turnover days of trade and bills receivables was mainly attributable to the increase in automobile business resulting in higher growth of year end bills receivables as compared to the same period of the previous year. Inventory turnover days increased from 83 days for the year ended 31st December 2007 to 97 days for the year ended 31st December 2008. The increase in inventory turnover days was mainly attributable to the increase in the inventory reserves at the end of the year to meet the demand from markets and customers.

Capital Structure

The Group's treasury department is responsible for the Group's financial risk management which operates according to policies implemented and approved by top management. As at 31st December 2008, borrowings were primarily denominated in RMB and USD, while cash and cash equivalents were primarily denominated in RMB and USD. The Group intended to maintain an appropriate mix of financial equity and debt to ensure an efficient capital structure during the year. The loans remaining outstanding as at 31st December 2008 were set out in the face of the consolidated accounts. The loans remaining outstanding as at 31st December 2008 were at fixed interest rates or floating interest rates for RMB loans and foreign currency loans.

Exposure to Foreign Exchange Risk

Most of the Group's income and expenditure are denominated in RMB and USD. During the year, the Group has not experienced any significant difficulties in its operations or liquidity due to fluctuations in currency exchange rates. The directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt applicable measures to prevent exposure to exchange rate risk.

Employment, Training and Development

In 2008, the Group had over 130,000 employees, an increase of approximately 10,000 employees compared with that in 2007. During the year, total staff cost accounted for approximately 14% of the Group's turnover. Employees remuneration was determined based on performance, experience and prevailing industry practices, with compensation policies being reviewed on a regular basis. Bonuses and commission were also awarded to employees, based on their annual performance evaluation. Incentives were offered to encourage personal and career development.

Share Capital

As at 31st December 2008, the share capital of the Company was as follows:

	Number of shares issued	Percentage (%)
Domestic shares	1,482,000,000	72.29
H shares	568,100,000	27.71
Total	2,050,100,000	100.00

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period from 1st January 2008 to 31st December 2008. During the year, neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares.

In July 2008, BYD Electronic, a subsidiary of the company, purchased and canceled 18,237,000 shares of its ordinary shares on the Stock Exchange of Hong Kong Company Limited.

CAPITAL COMMITMENT

Please refer to note 13 to this announcement for details of capital commitments.

CONTINGENT LIABILITIES

Please refer to note 14 to this annoucement for details of contingent liabilities.

SUBSEQUENT EVENTS

For details on the subsequent events, please refer to note 15 in this announcement.

LITIGATION

The Group was involved in a legal action commenced by certain affiliates of Foxconn International Holdings Limited as plaintiffs in the Intermediate People's Court of Shenzhen regarding alleged unauthorized use of confidential information. Such legal action has been withdrawn by the plaintiffs and is now discontinued. The direct investigation on the Company conducted by Shenzhen Public Security Bureau, Baoan Branch ("Shenzhen Public Security Bureau") on request by the affiliates of Foxconn International Holdings Limited has also been withdrawn by the Shenzhen Public Security Bureau since there have been material changes in the evidence concerning the case. Please refer to the announcements dated 14th March, 11th April and 2nd December 2008 of the Company for details.

The legal action against the Company and its subsidiaries commenced by the same parties at the High Court of Hong Kong Special Administrative Region ("High Court") in October 2007 relating to the same allegations ("October 2007 legal action") is still ongoing. The Group will continue to defend the case vigorously. For details please refer to the announcement dated 30th June 2008 of the Company.

SUPPLEMENTARY INFORMATION

Corporate Governance

Compliance with the Code on Corporate Governance Practices (the "Code")

The Board is committed on maintaining and ensuring high standards of corporate governance practices.

The Board emphasizes on maintaining a quality Board with balance of skill set of directors, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the directors, the Company had during the Year complied with the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules except for the following deviation:

Code A.2.1.

Code A.2.1. stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Wang Chuan-fu is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly every three months to discuss issues affecting operations of the Group. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wang and believes that this appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

Compliance with the Model Code for Securities Transactions by Director of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, who have confirmed that they had complied with the required standard set out in the Model Code for the Year.

Audit committee

Audit Committee consists of three independent non-executive Directors and a non-executive Director. A meeting was convened by the Company's Audit Committee and the Company's auditors on 27 March 2009 to review the accounting policies and practices adopted by the Group and to discuss auditing, internal control, risk management and financial reporting matters (including the financial statements for the year ended 31 December 2008) before recommendation to the Board for approval.

Disclosure of Information on the Stock Exchange's Website

This annual results announcement is published on the website of the Stock Exchange (http://www.hkex.com.hk).

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

Hong Kong, 29 March, 2009

As at the date of this announcement, the executive directors of the Company are: Mr. Wang Chuan-fu; the non-executive director of the Company is: Mr. Lv Xiang-yang and Mr. Xia Zuo-quan; and independent non-executive directors of the Company are: Mr. Wu Chang-qi, Mr. Lin You-ren and Ms. Li Dong.