



ANNOUNCEMENT ON PROCEEDINGS AGAINST BYD AND ITS SUBSIDIARIES

Reference is made to the announcements of the Company dated 11 June 2007, 5 November 2007 and 10 January 2008 and the announcements of BYD dated 13 June 2007, 9 October 2007, 2 November 2007, 22 November 2007, 19 December 2007, 11 January 2008 and 28 February 2008.

The Company wishes to announce the commencement of the PRC Criminal Investigation and recent developments relating to the PRC Civil Action and the New Proceedings.

Reference is made to the announcements of the Company dated 11 June 2007, 5 November 2007 and 10 January 2008 (the "**Announcements**") and the announcements of BYD dated 13 June 2007, 9 October 2007, 2 November 2007, 22 November 2007, 19 December 2007, 11 January 2008 and 28 February 2008 (the "**BYD Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings ascribed to such terms in the Announcements.

The Company wishes to announce the commencement of criminal investigations by the Shenzhen Public Security Bureau, Baoan Branch (the "**PSB**") against BYD in relation to the alleged corporate (unit) criminal activities (the "**PRC Criminal Investigation**") and recent developments relating to the PRC Civil Action (that is, the PRC Action as defined in the Announcements) and the New Proceedings.

PRC Criminal Investigation

After examining the evidence currently available to the PSB, the PSB believes that evidence of a crime has been confirmed and criminal penalties should be pursued. Accordingly, pursuant to applicable legal requirements, the PSB has filed a case against BYD for investigation in relation to the alleged corporate (unit) criminal activities on the date of this announcement (Case No.[2008] 02670). According to the advice given by the Plaintiffs' legal advisers qualified and practising in the People's Republic of China (the "**PRC**"), directors and other officers of BYD who are directly responsible persons may also be punished for any corporate (unit) criminal activities by BYD.

PRC Civil Action

On the basis of the evidence currently available to the Company, the wrongdoings complained of in the PRC Civil Action should be more appropriately pursued through criminal proceedings. After consultation with their PRC and Hong Kong legal advisers, the Plaintiffs decided that it was appropriate to withdraw the PRC Civil Action. On 11 March 2008, the Plaintiffs received from the Shenzhen Court its order allowing the Plaintiffs to withdraw the PRC Civil Action. As

will be seen below, the integrity of the Seized Evidence is preserved, notwithstanding the discontinuance of the PRC Civil Action, by an order of the High Court dated 20 February 2008.

New Proceedings

On 14 December 2007, the Plaintiffs made an application to the High Court for an order that BYD refrain from obtaining, retrieving, receiving or otherwise taking possession or custody of the Seized Evidence (currently in the possession of the Shenzhen Court) until the trial of the New Proceedings, and also for a number of ancillary orders.

This application was heard by the High Court on 20 February 2008 and all the orders applied for were granted.

The Plaintiffs will continue to pursue the New Proceedings and vigorously oppose the Stay Application.

By Order of the Board
Chin Wai Leung, Samuel
Chairman and Chief Executive Officer

Hong Kong, 13 March 2008

As of the date of this announcement, the executive directors of the Company are Messrs. Chin Wai Leung, Samuel and Dai Feng Shuh, the non-executive directors are Messrs. Chang Ban Ja, Jimmy, Lee Jin Ming, Lu Fang Ming and Miss Gou Hsiao Ling and the independent non-executive directors are Messrs. Lau Siu Ki and Mao Yu Lang and Dr. Daniel Joseph Mehan.

* *For identification purposes only*