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.cn

2013 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of the Company (the "Board") is pleased to announce the audited results of the Company and its subsidiaries for the twelve months period ended 31 December 2013. This announcement, containing the full text of the 2013 Annual Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of annual results. Printed version of the Company's 2013 Annual Report will be delivered to the Company's shareholders and is also be available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at http://www.hkex.com.hk and of the Company at http://www.byd.com.cn.

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

Company Profile 公司簡介

BYD Company Limited ("BYD" or "the Company" together with its subsidiaries, "the Group"; stock code: H Shares: 01211; A Shares: 002594) is principally engaged in rechargeable battery business, handset components and assembly services, as well as automobile business which includes traditional fuel-engined vehicles and new energy vehicles while taking advantage of its technical superiority to actively develop business relating to the area of new energy products.

BYD is one of the leading rechargeable battery manufacturers in the global arena. Major clients include leading handset manufacturers such as Nokia, Samsung, Motorola, Huawei and ZTE, as well as global electric power tools and other portable electronic equipment manufacturers such as Bosch and TTI. Lithium-ion and nickel batteries produced by the Group are widely applied on handsets, digital cameras, power tools, electric toys and other portable electronic devices and electric products.

As one of the world's most competitive suppliers for handset components and assembly operations, the Group can provide customers with vertically integrated one-stop services, design and production of cases, key-pads, LCD screens, camera modules, flexible printed circuit boards, chargers and other handset and computer components, and can provide design and assembly service, but the Group does not produce its own brand of handsets and computers. Main customers of the business include Nokia, Apple, HTC, Motorola, Huawei, Asus, Toshiba and other smart mobile terminal leaders.

Since tapping into the automobile business in 2003, by leveraging on its advanced technology and cost advantages and international quality products, the Group has achieved remarkable growth in automobile business and has rapidly grown into a leading brand of automobile production enterprise in China with domestic self-owned brand. To date the Group has manufactured and sold over 2 million units of sedans, thus establishing its leading position among domestic self-owned brands.

In September 2008, MidAmerican Energy Holdings Company, a subsidiary of Berkshire Hathaway, entered into an agreement with the Company, pursuant to which MidAmerican Energy Holdings Company acquired 225 million H Shares of the Company, representing 9.56% of the Company's total capital at present, to become the Group's long term strategic partner. In February 2011, the joint venture of the Group and Daimler AG was formally established for the joint research and development of electric vehicles. In June 2011, the Company made an IPO of 79 million RMB ordinary shares (A shares) which were listed on the SME Board of Shenzhen Stock Exchange ("the Shenzhen Stock Exchange").

New energy business is an important direction of BYD's future development. By leveraging its technology and quality advantages in the new energy sector, the Group will actively develop business relating to the area of new energy products to facilitate its long-term and sustainable development.

比亞迪股份有限公司(「比亞迪」或「本公司」,連同其附屬公司統稱「本集團」;股份代號:(H股:01211;A股:002594)主要從事二次充電電池業務、手機部件及組裝業務,以及包含傳統燃油汽車及新能源汽車在內的汽車業務,同時利用自身的技術優勢積極拓展新能源產品領域的相關業務。

比亞迪為全球領先的二次充電電池製造商之一,主要客戶包括諾基亞、三星、摩托羅拉、華為、中興等手機領導廠商,以及博世、TTI等全球性的電動工具及其他便攜式電子設備廠商。本集團生產的鋰離子電池及鎳電池廣泛應用於手機、數碼相機、電動工具、電動玩具等各種便攜式電子設備和電動產品。

作為全球最具競爭能力的手機部件及組裝業務的供應商之一,本集團可以為客戶提供垂直整合的一站式服務,設計並生產外殼、鍵盤、液晶顯示模組、攝像頭、柔性線路板、充電器等手機及電腦部件,並提供整機設計及組裝服務,但不生產自有品牌的手機及電腦。該業務的主要客戶包括諾基亞、蘋果、HTC、摩托羅拉、華為、華碩、東芝等智能移動終端領導廠商。

自二零零三年拓展汽車業務以來,憑藉集團產品領先的技術及成本優勢及具備國際標準的卓越質量,集團的汽車業務一直高速增長,迅速成長為中國自主品牌汽車生產企業的領先品牌。目前,集團累計產銷超過兩百萬輛轎車,奠定了比亞迪作為國內自主品牌領導者的地位。

二零零八年九月,Berkshire Hathaway旗下附屬公司MidAmerican Energy Holdings Company(中美能源控股公司)與本公司簽署協議,認購本公司2.25億股H股(佔目前本公司總股本的9.56%),成為集團的長期投資戰略夥伴。二零一一年二月,集團與Daimler AG(戴姆勒)的合資公司正式成立,以共同研究及開發電動車。二零一一年六月,公司首次向中國社會公眾公開發行人民幣普通股(A股)7,900萬股並在深圳證券交易所(「深交所」)中小企業板上市。

新能源業務是比亞迪未來發展的重要方向,憑藉自身在新能源業務領域的技術和品質優勢,集團將積極拓展新能源產品領域的相關業務,推動業務長遠及可持續發展。

Contents

Financial Highlights

Five-Year Comparison of Key Financial Figures

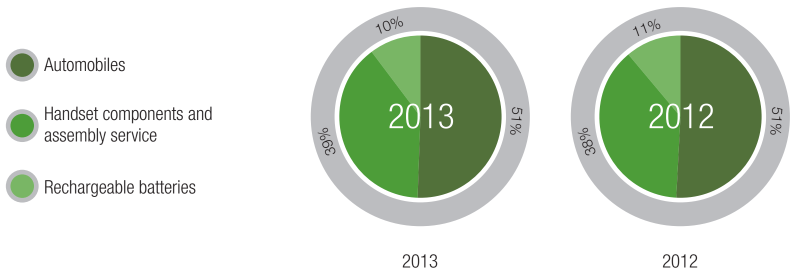
	For the year ended 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	49,767,887	44,380,858	46,312,282	46,685,349	39,469,454
Gross profit	6,516,314	5,126,328	6,867,025	8,264,374	8,564,731
Gross profit margin (%)	13	12	15	18	22
Profit attributable to equity holders of the parent	553,059	81,377	1,384,625	2,523,414	3,793,576
Net profit margin (%)	1	0.2	3	5	10

	As at 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net assets (less minority interests)	21,709,764	21,196,984	21,124,517	18,460,319	16,682,357
Total assets	78,014,834	70,007,807	66,881,036	53,874,663	40,735,597
Gearing ratio (%) (Note)	94	71	70	65	8
Current ratio (times)	0.69	0.63	0.66	0.65	0.94
Trade and bills receivables turnover (days)	86	83	71	71	73
Inventory turnover (days)	68	67	62	54	70

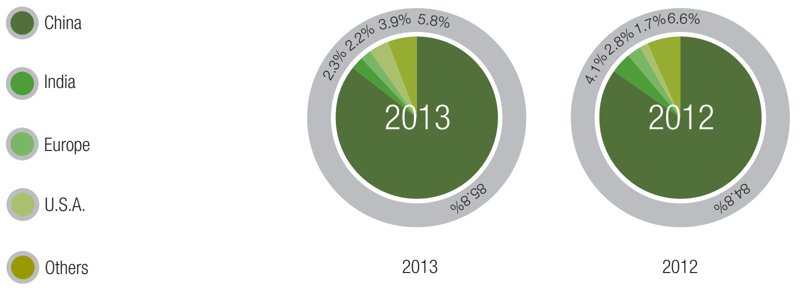
Note: Gearing ratio = Total borrowings net of cash and cash equivalents/net assets (less minority interests)

Financial Highlights

Turnover Breakdown by Product Categories



Turnover Breakdown by Locations of Customers



Corporate Information

Executive Director
Wang Chuan-fu

Non-executive Directors
Lu Xiang-yang
Xia Zuo-quan

Independent Non-executive Directors
Li Dong
Wu Chang-qi
Li Lian-he

Supervisors
Dong Jun-qing
Li Yong Zhao
Wang Zhen
Yan Chen

Company Secretary
Li Qian

Audit Committee
Lu Xiang-yang
Li Dong (Chairman)
Wu Chang-qi
Li Lian-he

Remuneration Committee
Wang Chuan-fu
Xia Zuo-quan
Li Dong
Wu Chang-qi (Chairman)
Li Lian-he

Nomination Committee
Wang Chuan-fu
Lu Xiang-yang
Li Dong
Wu Chang-qi
Li Lian-he (Chairman)

Strategy Committee
Wang Chuan-fu (Chairman)
Lu Xiang-yang
Xia Zuo-quan
Wu Chang-qi
Li Lian-he

Authorized Representatives
Wang Chuan-fu
Li Qian

Legal Address
Yan An Road
Kuichong
Longgang District
Shenzhen
Guangdong Province
The PRC

International Auditors
Ernst & Young

Domestic Auditors
Ernst & Young Hua Ming (LLP)

Place of Business in Hong Kong

Unit 1712, 17th Floor
Tower 2
Grand Central Plaza
No. 138 Shatin Rural Committee Road
New Territories
Hong Kong

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Investor and Media Relations Consultant

iPR Ogilvy Ltd.
Tel: (852) 2136 6185
Fax: (852) 3170 6606

Website

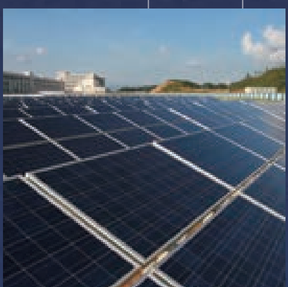
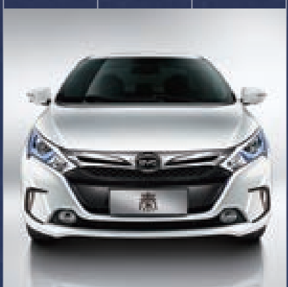
www.byd.com.cn

Stock Code

H Shares: 01211 (Hong Kong Stock Exchange Company Limited)
("Hong Kong Stock Exchange")
A Shares: 002594 (Shenzhen Stock Exchange)

Green Dreams
Green Future

- New Energy Vehicle
- Solar Power
- Energy Storage Station


Chairman's Statement

Dear shareholders,

On behalf of the Board of Directors of BYD Company Limited ("BYD" or the "Company") and its subsidiaries (collectively, the "Group"), I hereby present the annual report of the Group for the year ended 31 December 2013 (the "reporting year").

For the year 2013 under review, the recovery of global economy was slow. Amidst this sophisticated and volatile global economy, China's economy showed a steady growth momentum and achieved a stable annual growth of 7.7% which was the same with the previous year. Benefited from the ongoing growth of the China's economy as well as the increasing competitiveness of the Group, the automobile business of the Group attained satisfactory growth during the year. For the handset components and assembly business, the Group successfully explored international smartphone manufacturers as new customers and won new smartphone projects, driving the rapid growth of handset components and assembly business of the Group. For the rechargeable batteries business, the businesses of traditional batteries realized steady growth whilst solar business recovered steadily and its loss continued to narrow.

During the year, turnover of the Group increased 12.14% to RMB49,768 million. Profit attributable to owners of the parent Company was RMB553 million, representing an increase of 579.63%, with earnings per share at RMB0.23.The Board of Directors recommended the distribution of final dividend of RMB0.05 per share for the year ended 31 December 2013.

As the dominant trend of the automobile industry the development of new energy vehicles offers a solution to the energy shortage and air pollution issues and highlights the inevitable evolution of economic growth from traditional mode to energy saving mode. On September 2013, the Ministry of Finance, the Ministry of Science and Technology, the Ministry of Industry and Information Technology and the National Development and Reform Commission jointly issued the Notice on the Continuous Promotion and Application of New-Energy Vehicles (《關於繼續開展新能源汽車推廣應用工作的通知》) which announced the consistent promotion and application of new energy vehicles within the whole country during 2013 to 2015, laying a solid foundation for the development of new energy vehicles. The new energy vehicle industry embraces new development opportunities.

As a persistent driver of reforming the global new energy vehicle industry and a firm practitioner of the energy saving and remission reducing concept, BYD has been actively promoting the innovation of new energy vehicle technology and the application and promotion of the products as well as the industry reform from traditional automobiles to new energy vehicles. Being the world's only group of companies which spans the fields of automobile and battery, BYD has the world's leading core technology in terms of battery, electric motor and electric control, and successfully put K9 pure electric buses and e6 pure electric vehicles into operation in over 10 countries and regions, setting a new global record for the longest mileage of electric vehicles.

The Group launched the eye-catching dual mode electric vehicle model "Qin" (秦) in December 2013. Through the successful launch of the dual mode strategy of "Electricity for trips and gasoline for journeys", Qin (秦) not only satisfies the mileage needs of the consumers, but also reduces its dependence on fuel oil and received overwhelming market response once it was launched

As people are increasingly relying on the intelligent terminals and mobile Internet, the internet access, as an important strategic resource, becomes the key area for which the major manufacturers compete. The automobiles with intelligent operation platform will become mobile intelligent terminals and important access to mobile internet, which will provide new economic resources and development opportunities for the automobile companies with leading information technology. Being the world's only group of companies which spans the fields of automobile and information technology, BYD remains the pioneer in the globe by applying its advanced information technology to the automobile products, laying a good foundation for the evolution of traditional vehicles moving to the automobile intelligent platform and the automobile network.

Currently, the traditional automobiles still account for a higher proportion of the Group's automobile sales. With the accumulation of technologies and quality by the Group over the years, the Group once again created classic models for BYD automobiles during the year. The Group launched Sirui (思銳), a medium- to high-end sedan model in April 2013. Sirui incorporated many of the world's leading high-end functions and built a new benchmark for self-owned brands of medium- to high-end sedan model. In addition, "Speed" (速銳), the world's first car model equipped with remote control driving technology continued its hot sales and the Group's classic A-class model L3 and the first SUV model S6 continued to be widely popular.

Chairman's Statement

For handset components and assembly business, with the rapid increase in the penetration of mobile Internet and the constantly enriching smartphone applications, the demand in the smartphone market will continue to grow rapidly. Further, the pursuit of user experience in comprehensive of mobile phones promotes the upgrade applications of materials, increasingly more high-end smartphones start adopting metal casings and metal components. During the year, the Group has seized the significant opportunities of the industry development and made significant breakthrough in both the areas of customer base and technology. The Group developed a plastics-and-metal hybrid technology (PMH) during the year, of which the outstanding product performance was highly recognized by customers, helping the Group to secure a number of new orders from domestic and overseas smartphone manufacturers. The increased orders further optimized the Group's customer mix and expanded its market share, hence driving profitability.

As for the solar business, following the restructuring and consolidation of the solar industry and the gradual withdrawal of less competitive manufacturers from the markets, the industry has gradually resumed a new balance between the supply and demand, gradually minimizing the competition in the industry and driving up the product prices of solar energy products and hence the solar energy industry has been recovering. During the year, the Group continued to pay extra efforts in market expansion, accelerating existing projects and adopting appropriate cost control initiatives. Therefore the loss of the solar business was gradually narrowed.

Looking into 2014, the Group will continue to pay extra efforts in technology, quality and product design in order to consistently improve its brand image and comprehensive competitiveness for the Group, thus adding fuels to its "Second Take-off". The Group expects that the highly popular models of Speed, S6 and L3 will continue to enjoy impressive sales and it will also launch new high-end SUV model S7 and new A+class model during the year. In addition, the Group will endeavor to capture opportunities arising from the electrification of public transportation in Shenzhen and accelerate the replication and promotion of the Shenzhen model into other cities so as to expand the city cluster base of public transportation electrification. Meanwhile, regarding the private automobile market, the Group will continue to implement the strategy with the first priority in dual mode electric and second in pure electric vehicles, so as to swiftly open up the private market of new energy sedan.

For the handset components and assembly business, the Group will continue to strengthen the research and development of new technologies and innovative products, strengthen its cooperation with global intelligent terminal manufacturers, deepen its cooperation relationship with new customers, and actively secure orders for high-end consumer electronics, particularly those from domestic smartphone brands, so as to increase its market shares in the smartphone market and other mobile intelligent terminals.

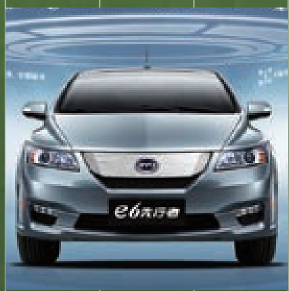
In respect of the solar business, the Group will continue to increase its efforts in market expansion and adopt cost control measures, so as to minimize the losses incurred by the solar business and capture further opportunities resulting from the rebound in the photovoltaic industry in the future. Meanwhile, the Group will continue to advance its energy storage station and related business to finally achieve the three green energy dreams of BYD, namely new energy vehicles, solar power station and energy storage station.

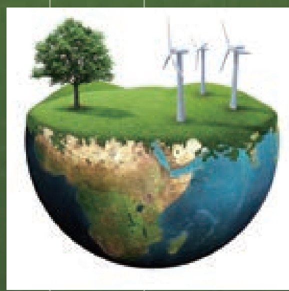
Undertaking its responsibilities as a good corporate citizen is a corporate culture of all the staff members of BYD. BYD will be committed to the social responsibilities that lie in the heart of corporate spirit, persist in giving back to society and realize energy conservation and emission reduction through the development of new energy and new energy vehicle businesses in order to contribute efforts to the environmental development of the world that it deserves.

Finally, on behalf of BYD, I would like to express gratitude to our loyal customers, business partners, investors and shareholders for their support and trust in the Group and all the staff members who have been alongside with and made contribution to the Group in the past year. BYD will continue to promote the development of all business areas and focus on maximizing returns for shareholders.

Wang Chuan-fu
Chairman
Shenzhen, the PRC, 19 March 2014

Technology
Quality
Responsibility






比亚迪纯电动客车
比亚迪纯电动客车

Management Discussion & Analysis

INDUSTRY ANALYSIS AND REVIEW

Automobile Business

For the year 2013 under review, under the ongoing impact of the global financial crisis and the European debt crisis, the growth of global economy lacked momentum and its recovery remained subdued. Amidst this sophisticated and volatile global economy, China persisted the keynote of maintaining a steady growth, structural optimization and economic reform and achieved a stable annual growth of 7.7%. During the year under review, benefited from the steady growth of the China's economy, the production and sales volume of automobiles in China exceeded 20 million units according to the statistics released from China Association of Automobile Manufacturers (中國汽車工業協會), of which production volume was approximately 22.12 million units, representing an increase of 14.8% as compared with those for last year; sales volume was 21.98 million units, representing an increase of 13.9% as compared with those of last year. China has been the country with the largest production and sales volume for five consecutive years. In particular, sales of passenger vehicles under local brands rose by 11.4% year on year to 7.22 million units and accounted for 40.3% of the total sales of passenger vehicles in the country.

In order to expedite the development of the new energy vehicle industry, promote energy conservation and emission reduction and enhance the control on air pollution, Ministry of Finance, Ministry of Science and Technology, Ministry of Industry and Information Technology and the National Development and Reform Commission jointly issued the Notice on the Continuous Promotion and Application of New-Energy Vehicles (《關於繼續開展新能源汽車推廣應用工作的通知》) which announced the consistent promotion and application of new energy vehicles within the whole country during 2013 to 2015, marking the official commencement of a new round of policies supporting the new energy vehicle industry, and the new energy vehicle industry embraces new development opportunities.

Handset Components and Assembly Business

According to statistics of Gartner, a market research institution, the global output of handsets in 2013 exceeded 1,800 million units, representing a year on year increase of 3.5%. Specifically, the global output of smartphones increased 42.3% as compared to 2012, recording 968 million units, and accounted for 53.6% of the global output of handset. Strong market demand attracted smartphone manufacturers to put more resources into the development of smartphone and smartphones of various price ranges were launched frequently. In order to increase the competitiveness of products, there were increasingly more smartphone manufacturers that adopted high-end metal casings. This has driven the increase in global penetration of metal casings for smartphones, fostering a rapid growth of the metal casing industry.

Rechargeable Battery and New Energy Business

In 2013, the rapid growth of global output of smartphones not only drove the increase of overall market demand for handset batteries, but also promoted the product mix of handset batteries and raised the average unit price. Accordingly, the lithium-ion battery industry achieved a steady growth. Benefited from the strong support by national policies and the ongoing recovery of overseas market demand, as well as the integration of industry and the exit of some manufactures, the photovoltaic industry gradually restored its demand and supply balance during 2013 and was gradually stepping out of the trough.

BUSINESS REVIEW

BYD Company Limited ("BYD" or the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in automobile business (including traditional fuel-powered vehicles and new energy vehicles), handset components and assembly services and rechargeable battery and new energy business. During the reporting year, each business segment of the Group achieved satisfactory performance, with overall revenue of approximately RMB49,768 million, representing an increase of 12.14% year on year; the automobile business realized revenue of approximately RMB25,291 million, representing an increase of 12.15% year on year; the handset components and assembly business realized revenue of approximately RMB19,459 million, representing an increase of 13.43% year on year; rechargeable battery and new energy business realized revenue of approximately RMB5,018 million, representing an increase of 7.35% year on year.

Automobile Business

During the reporting year, sales of the Group's automobiles increased by 14.38% year on year to appropriately 470 thousand units in total. "Speed (速銳)", S6 models and traditional "3 series" including F3 and L3 continued to enjoy impressive sales and fully reflected the result of the Group's efforts in technological innovation, quality improvement, consolidation of sales channels and promotion of brand images in the past three years.

2013 was the first year of the "Second Take-off" plan defined by the Group. The Group adhered to its development philosophy of "technology, quality and responsibility", put more efforts in innovation and made a series of achievements. Regarding technology, the Group developed the world's leading dual mode technology and TID technology (turbo charged direct injection engine plus DCT gearbox), applied the second generation of the dual mode technology and the bi-directional inverter technology to the new generation of new energy vehicle and materialized the full-scale commercialisation of the TID technology to G6, "Speed (速銳)" and "Sirui (思銳)" models. As for automobile quality, the Group developed an all-round quality control system to apply quality standards to every single manufacturing process, which continued to improve the quality of automobile products and achieved remarkable results. The quality level based on IQS, as the rating tool, has reached a leading position in the industry. Speed model which was launched in August 2012 was rated the five-star safety standards with a score of 56.5, breaking the record of the highest score achieved by local brands in crashing tests. As for responsibility, the Group offered extra long-term warranty of "4 years or mileage of 100,000 km" to customers which covered not only all existing series of

car models of BYD but also most components of the vehicles. This further reflects the Group's confidence in its product quality and its commitment to consumers. Being the world's only group of companies which spans the fields of automobile and information technology, BYD remains the pioneer in the globe by applying its advanced information technology to the automobile industry, laying a good foundation for traditional vehicles moving to the automobile intelligent platform and the automobile network.

For traditional automobiles, a number of models achieved satisfactory sales during the year. With its world premiere remote control driving technology, TID perfect powertrain, aesthetic design, five-star safety standards and excellent quality, "Speed (速銳)" established a new benchmark of A+Class sedans. It has been highly popular since its launching and realized sales volume of approximately 100,000 units in 2013, promoting the rapid growth of the automobile sales of the Group. S6 of SUV model has much market exposure for years and gained well recognition of users. The annual production and sales volume amounted to 80,000 units. Meanwhile, "3 series" of the Group, including L3 and F3, maintained a good sales momentum with their outstanding price-performance and contributed stable profit for the Group. In addition, the latest high-end sedan "Sirui (思銳)" was successfully launched in April, 2013. It was equipped with high-end automobile electronic technologies such as HUD night sight system and 360-degree panoramic video, which significantly improved the driving experience of consumers, and enjoyed great popularity among consumers. It further optimized the automobile product mix of the Group and enhanced the Group's brand influence.

For new energy vehicles, the Group launched the eye-catching second generation of the dual mode electric vehicle model "Qin" (秦) for individual consumers in December 2013. Through the operation mode of "Electricity for trips and Oil for journeys", Qin (秦) not only satisfies the mileage needs, but also reduces its dependence on fuel oil, which is recognized as a new energy vehicle by the central government. With its performance of acceleration to 100 km/h in 5.9 seconds, average oil consumption of 1.6L per 100 km and leading automobile intelligent platform, "Qin" (秦) far outperforms other models of the same class in terms of acceleration performance, energy conservation, emission reduction and driving experience. It received overwhelming market response once it was launched. As for public transportation, the Group continued to promote the commercialization of new energy vehicles in various major cities of China. Shenzhen is one of the cities in the world where electric automobiles are most widely used. Until now, there are approximately 800 e6 pure electric taxies and 220 K9 pure electric buses put into operation, with accumulated mileage amounted to 157 million km and 24.34 million km respectively, maximum mileage for each category has amounted to 458,000 km and 176,000 km, which not only established the Group's leading position in the new energy automobile operation, but also fully proved the quality of BYD's electric automobiles and the durability and reliability of battery. Other domestic cities, such as Changsha, Xi'an, Shaoguan and Baoji, have also commenced commercial operation of electric vehicles.

As a persistent driver of reforming the global new energy automobile industry and a firm practitioner of the energy saving and remission reducing concept, the Group actively promote the expansion of the overseas markets for new energy vehicles. In Hong Kong, the Group's first batch of BYD e6 pure electric taxies were put into operation in May 2013. In Netherlands, the Group obtained orders from Schiermonnikoog National Park and Amsterdam Airport Schiphol. In the American market, the Group obtained orders for K9 respectively from Long Beach Transportation, California and MTA, Los Angeles. Currently, the Group's K9 electric buses has successfully passed the trial operation in over 10 overseas countries and regions, including England, France, Germany, Spain, Denmark, Austria, Hungary, Romania, Poland, Belgium, Israel, Malaysia, Brazil and Caribbean Sea region, and was widely recognized by bus companies and the general public for their environmental-friendliness, economic efficiency and stability, laying a good foundation for the Group's future business promotion of new energy vehicle in such countries and regions.

Handset Components and Assembly Business

For the handset components and assembly business, the Group provides customers with vertically integrated one-stop services, which include design and production of handset components such as casings, keyboards, LCD modules, lens, flexible circuit boards and chargers, etc., as well as handset design and assembly. Currently, the Group is one of the most competitive suppliers of handset components and assembly services in the world with major customers including Nokia, Huawei, HTC, Apple, Samsung, HP and other global leading manufacturers of electronic products.

In 2013, the Group actively sought international smartphone manufacturers to become its new customers and won new smartphone projects, driving the sales volume of handset components and assembly business of the Group. Meanwhile, the customer of the handset components and assembly business of the Group continued to expand their smartphone markets, successively launched series of smartphone models with a good market response. As for the domestic customers, the Group built business connection with various smartphone manufacturers which have rapid growth, laying a good foundation for future business expansion.

For product technology, the Group developed a plastics-and-metal hybrid technology (PMH). The technology significantly enhanced the product quality, signal reception, appearance and texture of metal casings, and was highly recognized by customers, helping the Group to secure a number of new orders from international and domestic smartphone manufacturers. During the reporting period, the metal component business grew rapidly. It does not only expanded the market shares, but also directly improved the product mix of handset components and profitability of the Group, and further drove the profit growth of the Group and BYD Electronics (0285.HK), its subsidiary.

During the reporting year, with its long-established expertise in the handset components and assembly business, the Group has obtained tablet orders from global leading brands with shipments in large volumes. The Group successfully expanded its scope of business and increased its market share, bringing new growth momentum to the Group.

Rechargeable Battery and New Energy Business

The Group's rechargeable batteries mainly include lithium-ion batteries and nickel batteries which are widely used in portable electronic devices including mobile phones, digital cameras, electric tools and electric toys. The Group is also actively researching and developing lithium ferrous phosphate batteries (LFP batteries) and solar battery products, and is committed to applying such products in areas such as new energy vehicle, energy storage stations, solar power stations and etc.

As a leading player of global lithium-ion battery in research & development and application, the Group won battery orders for high end models from the largest smartphone manufacturer in the world during the reporting period, which contributed to the improvement of product mix and increase of average unit price, and in turn rapid growth in sales revenue of lithium-ion batteries business. During the reporting period, the Group's lithium-ion batteries reach a sales revenue of approximately RMB2,581 million, increased by 14.04% year on year.

As for the solar business, with the restructure and consolidation of the solar industry, a new balance between the supply and demand is achieved, competition among industry is moderating and there is a rebound in the prices of solar energy products. In the industry environment with general market upturn, the Group actively promoted the development of its solar business overseas and achieved good progress. During the year, the Group continued to pay extra efforts in market expansion, accelerate existing projects and adopt appropriate cost control initiatives, resulting in a consistent reduction of loss.

Issue of corporate bonds

During the Reporting Period, the Company issued the Corporate Bonds 2011 (Second Tranche) to the public. With the approvals obtained at the fifth meeting of the fourth session of the Board held on 25 August 2011 and the first extraordinary general meeting of the Company for 2011 held on 9 September 2011, the Company decided to issue corporate bonds with total par value of no more than RMB6 billion in the PRC. The bonds issue has been approved by the China Securities Regulatory Commission with its regulatory permit for securities [2011] No. 2081 dated 23 December 2011. The corporate bonds were issued in tranches, of which the Corporate Bonds 2011 (First Tranche) with par value of RMB3 billion were issued on 20 June 2012. On 23 September 2013, the Company issued the Corporate Bonds 2011 (Second Tranche) at par value in an aggregate amount of RMB3 billion ("Second Tranche Bonds"), with coupon rate at 6.35% for a term of 5 years, together with an option for the issuer to increase the coupon rate at the end of the third year and a sell-back option for investors. For further details, please refer to the "Offering Document for the Public Issue of Corporate Bonds 2011 (Second Tranche)" disclosed at the cninfo website (http://www.cninfo.com.cn) on 17 September 2013 and the "Announcement on the Results of Issue of Corporate Bonds 2011 (Second Tranche)" made by the Company in the China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and cninfo website on 26 September 2013. The Second Tranche Bonds have been listed on the Shenzhen Stock Exchange on 15 November 2013.

FUTURE PROSPECTS AND STRATEGIES

Looking ahead to 2014, there will be stronger momentum of global economic growth and the global economy will develop in a faster pace. As for the domestic side, with the deepening reform at all levels, the transformation and upgrade of industry structure will be expedited, the quality and efficiency of national economic growth will continue to improve, thereby bringing a more sound operating environment for the companies. Going forward, the Group will continue to take effort in quality improvement, branding and channel development by honoring the development philosophy of "technology, quality and responsibility", in an effort to improve its technology standards, accelerate the development and promotion of the new energy-related businesses and consolidate the Group's pioneering position in the new energy vehicle industry.

Automobile Business

In 2014, facing the increasingly serious problems of traffic congestion and bottlenecks of infrastructure in the urban areas, more cities might adopt the purchase and drive restriction policy and thus, to a certain extent, exerting pressure to the growth of the automobile industry. Nevertheless, with the steady progress of urbanization and the continuous improvement in residents' living standard, however, the consumption power in the third- and fourth-tier cities will continue to rise, which will in turn boost the overall demand of automobile. The Group has built up its channel network perfectly in line with such change in the market demand structure, and will greatly benefit from the growth of demand in the third- and fourth-tier cities in the future.

For traditional automobiles, the Group expects that the highly popular models of S6, Speed (速銳) and L3 will continue to enjoy impressive sales and the highly anticipated models, namely S7, a new high-end SUV, and a new A+class model will be launched during the year. S7 is equipped with the new 2.0T turbo charged engine and timely four-wheel drive. The off-road ability and stability of the whole vehicle have been enhanced through intelligent allocation of power. The Group expected that the launch of these models will further enrich our automobile product portfolio, adding new growth momentum for the Group's automobile business. In addition, the Group will further strengthen the synergy that span the fields of automobile and information technology and strive to enhance the electronic and intelligence level of the automobile products so as to make better use of the internet application, pushing ahead the transformation of traditional automobiles into intelligent vehicles and improving the driving experience of the consumers in full scale.

For new energy vehicles, the increasingly strong supporting policy from the government showed a clearer direction for developing new energy vehicles and it is expected that the promotion of new energy vehicles will be expedited. On 8 February 2014, a notice was jointly published by the four ministries, including the Ministry of Finance, stating that the subsidy standards for pure electric and plug-in hybrid passenger vehicle in 2014 and 2015 will be increased by 5% and 10%, respectively based on the original policy. Meanwhile, it was made clear that the Ministry of Finance will continue to provide subsidy after the existing policy expires in 2015. With the strong support of such policies, the Group will actively promote the application of new energy automobile in the private car market and persistently continue to implement its public transportation electrification strategy.

The promotion of public transportation electrification served as an important channel to enhance efficiency of energy utilization and alleviate the air pollution problem in urban areas, it is also the development direction that the Group has been focusing for a long time and heavily invested. As a leading player in the electrification of public transportation, the Group will endeavor to capture development opportunities arising from the electrification of public transportation, and accelerate the replication and promotion of the Shenzhen model in other cities. The Group will also speed up the planning for oversea markets and actively promote the commercial operation of new energy vehicles in more countries and regions, dedicated to the promotion of the electrification of worldwide public transportation.

In respect of the personal consumption market, the Group will actively promote the sale of second generation dual mode electric vehicle model "Qin" (秦) nationwide and will expedite the penetration of the application of new energy vehicle in the private car market. The Group will introduce more new energy vehicles that fully outperform fuel-powered vehicles in terms of power performance, economics and driving structure. On the other hand, the first pure electric sedan of "DENZA (騰勢)", the brand developed by Shenzhen BYD Daimler New Technology Co., Ltd. ("BYD Daimler"), the joint venture between the Group and Daimler, will be officially launched in 2014. This is expected to boost the sale volume of the Group's electric vehicles and increase the influence of the Group's brand name at the same time.

The Group believes that, 2014 will be an important year for the development of new energy vehicles, during which the development of automobile industry will evolve with a new generation of technological transformation and technological innovation will become the key driving force for the development of industry. The Group will seize this historic opportunity to achieve breakthroughs and innovation in the new energy vehicle business. The Group will strive to become the leader in the global new energy vehicle industry by capitalizing on its leading technological edges, strong vertical integration capability, synergy from various industries and first-mover advantage in commercialization to further consolidate and strengthen the core competitive advantages of new energy vehicles.

Handset Components and Assembly Business

With the rapid increase in the penetration of mobile Internet and the constantly enriching smartphone applications, the demand in the smartphone market will continue to grow rapidly in the future. According to the estimation of Gartner, a market research agency, the global output of smartphones will increase to 1.2 billion to 1.3 billion in 2014. In future, the Group will continue to put more efforts in research and development, strive to enhance its technology level and product quality, enrich product portfolio and optimize product structure. It will also strengthen the cooperation with domestic and international brand manufacturers, and actively secure orders for high-end consumer electronics, so as to increase its market shares in the smartphone market and other mobile intelligent terminal markets to capture the historic opportunities from the rise of mobile interent and mobile intelligent terminals, further promote the continued development of the Group's handset components and assembly business.

Rechargeable Battery and New Energy Business

In respect of rechargeable battery, it is estimated that the market demand from the mobile intelligent terminal will sustain in the future. The Group will actively develop new application areas for lithium-ion batteries to enrich the portfolio of products and increase market shares. Going ahead, the Group will endeavor to consolidate its leadership position in the rechargeable battery market and achieve stable business development.

In respect of the solar business, with the recovery of the European market and the emergence of the Chinese, Japanese and Indian market, the segment definitely sees the trend of recovery. Looking forward, the Group will continue to adopt cost control measures and increase its effort in market expansion, so as to capture the opportunities arising from the rebounce of the photovoltaic industry and minimize the losses incurred by the solar energy business. Meanwhile, the Group will also continue to advance its energy storage station and related business to ultimately achieve the three green energy dreams, namely BYD's new energy vehicles, solar power station and energy storage station.

Forecast operating results for January to March 2014

Estimated operating results for January to March 2014: The net profit was positive with a year-on-year decrease of over 50%

Change (in percentage) of net profit attributable to shareholders of the listed company for January to March 2014	-95.55%	to	-86.65%
Range of net profit attributable to shareholders of the listed company (RMB10,000) for January to March 2014	500	to	1,500
Net profit attributable to shareholders of the listed company (RMB10,000) for January to March 2013	11,239		
Reasons for changes in results	Under the impact of the change of subsidy policy for energy-saving automobiles in second half of 2013, the demand structure of the domestic automobile market was subject to certain changes, of which the impact on the low-end models were relatively significant and the market share of the self-owned brand declined. The Group's traditional automobile business was also affected. It is expected that the sales of the traditional automobile will decrease in the first quarter of 2014. During the first quarter of 2014, our new energy vehicle business has made good progress while K9 pure electric bus secured a block order and the dual mode electric vehicle model "Qin" (秦) has received overwhelming market response from individual consumption market once it was launched, and hence the sales of the Group's new energy vehicles showed a strong momentum for rapid development but it was unable to offset the impact of the decline of the traditional automobile business, resulting in the year-on-year decrease of the overall profit of the Group. During the first quarter in 2014, our other business developed in a favorable way.		

Financial Review

Turnover and Profit attributable to owners of the Parent Company

During the Year, turnover increased by 12.14% as compared to that of 2012, mainly due to growth in the automobile business and handset components and assembly business. Profit attributable to equity holders of the parent company increased by almost 579.63% as compared to the same period of the previous year, mainly attributable to the increase in profitability of handset components and assembly business and the significant decrease in the loss of solar business.

Segmental Information

The table on the right sets out comparisons of the Group's turnover by product category for the years ended 31 December 2013 and 2012:

During the Year, the handset components and assembly businesses of the Group saw a rapid growth, accordingly, the proportion of the business increase a little compare to that of last year.

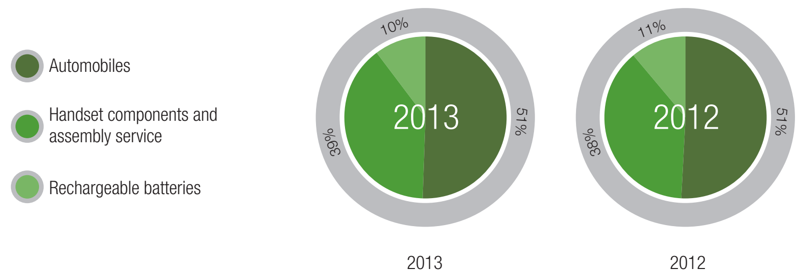
Gross Profit and Margin

During the Year, the Group's gross profit increased by approximately 27.11% to approximately RMB6,516 million. Gross profit margin increased from approximately 11.55% in 2012 to approximately 13.09% during the Year. The increase in gross profit margin was due to the increase in gross profit margin of the handset components and assembly business and solar business.

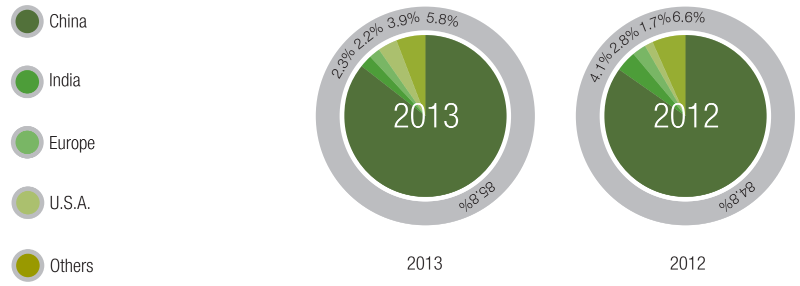
Liquidity and Financial Resources

During the Year, BYD generated operating cash inflow of approximately RMB2,436 million, compared with approximately RMB5,555 million in 2012. Total bank loans and bonds as at 31 December 2013,

Turnover Breakdown by Product Categories



Turnover Breakdown by Locations of Customers



including all bank loans, were approximately RMB24,824 million, compared with approximately RMB18,629 million as at 31 December 2012. The maturity profile of the bank loans thereof spread over a period of fifteen years, with approximately RMB16,172 million repayable within one year and approximately RMB1,359 million in the second year, approximately RMB7,256 million within three to five years and approximately RMB37 million over five years. The Group had adequate liquidity to meet its daily management and capital expenditure requirements and control internal operating cash flows.

For the year ended 31 December 2013, turnover period of accounts and bills receivables was approximately 86 days, as compared to approximately 83 days for the same period in 2012. The lengthened turnover period was mainly attributable to the average balance of accounts and bills receivables increased as compared to the same period last year. The inventory turnover period was approximately 68 days for the year ended 31 December 2013 as compared to about 67 days for the same period in 2012 without significant change.

Capital Structure

The Group's Financial Division is responsible for the Group's financial risk management which operates according to policies implemented and approved by senior management. As at 31 December 2013, borrowings were primarily settled in RMB, while cash and cash equivalents were primarily held in RMB and US dollar. The Group plans to maintain an appropriate mix of financial equity and debt to ensure an efficient capital structure during the period. The loans remaining outstanding as at 31 December 2013 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 settled in RMB and US dollar. During the period, the Group did not experience 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

As at 31 December 2013, the Group had over 159,000 employees. During the period, total staff cost accounted for approximately 18% 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 development.

Share Capital

As at 31 December 2013, the share capital of the Company was as follows:

	Number of shares issued	Percentage (%)
Domestic shares	1,561,000,000	66.31
H shares	793,100,000	33.69
Total	2,354,100,000	100.00

Purchase, Sale or Redemption of Shares

The Company did not redeem any of its shares during the period from 1 January 2013 to 31 December 2013. During the period, neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares.

Capital Commitment

Please refer to note 38 to the financial statements for details of capital commitments.

Contingent Liabilities

Please refer to note 36 to the financial statements for details of contingent liabilities.

Environmental Protection

During the reporting period, the company had no environmental protection or significant social security issues.

Directors, Supervisors and Senior Management

Executive Director

Wang Chuan-fu

Mr. Wang Chuan-fu, born in 1966, Chinese national with no right of abode overseas, master degree holder, senior engineer. Mr. Wang graduated from Central South University of Technology (中南工業大學) (currently Central South University) in 1987 with a bachelor degree majoring in metallurgy physical chemistry, and then graduated from Beijing Non-Ferrous Research Institute (北京有色金屬研究總院) in the PRC in 1990 with a master degree majoring in metallurgy physical chemistry. Mr. Wang held positions as vice supervisor in Beijing Non-Ferrous Research Institute, general manager in Shenzhen Bi Ge Battery Co. Limited. In February 1995, he founded Shenzhen BYD Battery Company Limited (深圳市比亞迪實業有限公司) with Lu Xiang-yang and took the position of general manager. He is the Chairman, an Executive Director and the President of the Company responsible for overseeing the general operations of the Group and determining the business strategies for the Group. He is a non-executive director and the chairman of BYD Electronic (International) Company Limited, a director of Shenzhen BYD Daimler New Technology Co., Ltd., Vice Chairman of Shenzhen Pengcheng Electric Automobiles Renting Co. Ltd., a director of Tianjin BYD Auto Co., Ltd. Independent Director of Renren Inc., director of South University of Science and Technology of China and a director of BYD Charity Foundation.

Mr. Wang, being a technology expert, enjoyed special allowances from the State Council. In June 2003, he was awarded Star of Asia by BusinessWeek. He was awarded with Mayor award of Shenzhen in 2004 (二零零四年深圳市市長獎) and "The 2008 CCTV Man of the Year China Economy Innovation Award", etc.

Non-executive Directors

Lu Xiang-yang

Mr. Lu Xiang-yang, born in 1962, Chinese national with no right of abode overseas, bachelor degree holder, economist. Mr. Lu worked at Chaohu Centre Branch of the People's Bank of China (中國人民銀行巢湖中心分行). In February 1995, he founded Shenzhen BYD Battery Company Limited with Mr. Wang Chuan-fu. He is the Vice Chairman and a Non-Executive Director of the Company and also the chairman of Youngy Investment Holding Group Co., Ltd. (融捷投資控股集團有限公司) ("Youngy Investment"), Guangzhou Mingyue Real Estate Development Company Limited (廣州明粵房地產開發有限公司), and Guangdong Youngy Financing Guarantee Company Limited (廣東融捷融資擔保有限公司), Executive Director and general manager of Shenzhen Youngy Guarantee Company Limited (深圳融捷擔保有限公司), Executive Director and manager of Guangdong Youngy Financing Guarantee Company Limited (廣東融捷融資擔保有限公司), Executive Director of Guangdong Youngy Financing Renting Company Limited (廣東融捷融資租賃有限公司) and Vice Chairman of BYD Charity Foundation.

Xia Zuo-quan

Mr. Xia Zuo-quan, born in 1963, Chinese national with no right of abode overseas, master degree holder. Mr. Xia studied computer science in Beijing Institute of Iron and Steel Engineering (北京鋼鐵學院) (now known as University of Science & Technology of Beijing (北京科技大學)) from 1985 to1987 and he graduated from Guanghua School of Management of Peking University with an MBA in 2007. Mr. Xia worked in the Hubei branch of The People's Insurance Company (中國人民保險公司) and joined Shenzhen BYD Battery Company Limited in 1997 and held positions as an Executive Director and a Vice President of the Company. He is a Non-Executive Director of the Company and the Chairman of Shenzhen Zhengxuan Investment (Holdings) Co., Ltd (深圳市正軒投資有限公司) and Beijing Zhengxuan Investment Co., Ltd (北京正軒投資有限責任公司), a Director of Sinocompound Catalysts Co. Ltd. (formerly known as Zhangjiagang Applica Technology Co., Ltd.) （江蘇欣諾科催化劑有限公司， 前稱張家港雅普利華生物科技有限公司）, the director of Shenzhen UniFortune Supply Chain Service Co.,Ltd. (深圳市聯合利豐供應鏈管理有限公司), the Chairman of Shenzhen Zhengxuan Asset Management Co. Ltd. (深圳市正軒資產管理有限公司), the chairman of Annuo Youda Gene Technology (Beijing) Co. Ltd. (安諾優達基因科技(北京)有限公司) and the Vice-chairman of BYD Charity Foundation.

Independent Non-executive Directors

Li Dong

Ms. Li Dong, born in 1964, Chinese national with no right of abode overseas, bachelor degree holder, registered accountant and registered assets appraiser in the PRC. Ms. Li graduated from the department of finance and politics of the Beijing Finance and Trade Academy (北京財貿學院) (now known as Capital University of Economics and Business (首都經濟貿易大學)) in 1986 with a bachelor degree in economics. She worked in the Joint Venture Office of the Beijing Municipal Bureau of Finance and held positions as the manager of the Appraisal Department and then as manager of the audit department of Beijing Xinghua Accounting Firm Co., Ltd. She is an Independent Non-Executive Director of the Company and the senior manager of Beijing Xinghua Accounting Firm Co., Ltd.

Wu Chang-qi

Mr. Wu Chang-qi, born in 1955, Chinese national, permanent resident of the Hong Kong Special Administrative Region, doctorate degree holder, professor. Mr. Wu graduated from Shandong University with a bachelor degree in economics in 1982. He graduated from Katholieke Universiteit Leuven in Belgium in 1990 and obtained an MBA degree and a doctorate degree in applied economics. Mr. Wu held positions as assistant professor and associate professor at the Department of Economics of the School of Business and Management at The Hong Kong University of Science and Technology, deputy director of Shui On Center for China Business and Management, professor and the president of the Faculty of Strategic Management of the Guanghua School of Management of Peking University, deputy dean of the Guanghua School of Management of Peking University and president of the EMBA degree programme Centre. He is an Independent Non-Executive Director of the Company, professor and tutor of doctorate students of the Guanghua School of Management of Peking University, and an Independent Director of Tianjin Keyvia Electric Co., Ltd. (天津凱發電氣股份有限公司), Beijing Electronic Zone Investment and Development Co., Ltd. (北京電子城投資開發股份有限公司) and an Independent Non-Executive Director of Qingdao Haier Co., Ltd.

Li Lian-he

Mr. Li Lian-he, born in 1947, Chinese national with no right of abode overseas, bachelor degree holder, and a senior engineer in the PRC. Mr. Li graduated from the Wuhan Water Conservancy Electric Power Institute (武漢水利電力學院) with a bachelor degree in Electricity Generation in 1970. He was the general manager and secretary of the branch of the Party Committee of Hubei Zhushan Water Electricity Company Limited, the deputy director of the water electricity bureau of Zhushan County in Hubei Province, the deputy secretary and deputy county magistrate of Zhushan County in Hubei Province, a committee member and head of the organization department of the Yunyang Region Party Committee of Hubei Province, the deputy director of Ministry of Science and Technology of Hubei Province, the director and secretary of the Party Committee of Hubei Technology Human Resources Bureau, the vice chairman of general affairs and secretary of the disciplinary commission of Technology Association of Hubei Province, the deputy dean and secretary of the Party Committee of the China Academy of Science and Technology Development, director and secretary of the Party Committee of the Shenzhen Technology Bureau (the Intellectual Property Bureau). He was the chairman of the Technology Association of Shenzhen City and the vice chairman of the Standing Committee of the Political Consultative Conference of Shenzhen City. Mr. Li retired in June 2007 and is now an independent non-executive director of the Company and the Independent Director of Shenzhen Huaqiang Industry Co.,Ltd. (深圳華強實業股份有限公司), the Independent Director of SZZT Electronic Co., Ltd. （深圳市証通電子股份有限公司）, part-time professor at Wuhan University, Harbin Industrial University (哈爾濱工業大學), Huazhong Technology University (華中科技大學), Electronic Technology University (電子科技大學), as well as a consultant to the Technology Committee of the Macau Special Administrative Region.

Supervisors

Dong Jun-qing

Mr. Dong Jun-qing, born in 1934, Chinese national with no right of abode overseas, bachelor degree holder, senior engineer at professor level. Mr. Dong graduated from Non-Ferrous Metal and Gold Faculty in Moscow, USSR, with a bachelor degree majoring in aluminium and magnesium metallurgy, and obtained the title of USSR engineer. Mr. Dong lectured at Non- Ferrous Metallurgy Faculty of the Northeast University (東北大學有色冶金系) in the PRC and researched at Beijing Non-Ferrous Research Institute (北京有色金屬研究總院) and was engaged in research and development work in our Company. He is a Supervisor and the Chairman of the Supervisory Committee.

Li Yong-zhao

Mr. Li Yong-zhao, born in 1961, Chinese national with no right of abode overseas, bachelor degree holder, researcher level senior engineer. Mr. Li graduated from Xi'an Institute of Technology in August 1982 with a bachelor degree in Mechanical Manufacturing Technology and Equipment. Mr. Li worked as technician, office head, deputy director, director, deputy plant manager and held other posts in state-owned, 615 Factory, China North Industries Group Corporation. He acted as the general manager of the Sino-foreign joint venture named 寶雞星寶機電公司, plant manager of state-owned Factory 843, director and general manager of 西安北方秦川機械工業有限公司, director and the general manager of 西安北方秦川集團有限公司. He is currently a Supervisor of the Company and acted as the deputy general manager of 中國兵器西北工業集團有限公司 and the chairman of 西安北方秦川集團有限公司.

Wang Zhen

Ms. Wang Zhen, born in 1976, Chinese national with no right of abode overseas, bachelor degree holder. Ms. Wang graduated from Guangzhou Institute of Foreign Languages (廣州外國語學院) in the PRC in 1998, majoring in Spanish language and obtained a bachelor degree. Ms. Wang joined Shenzhen BYD Battery Company Limited in 1998 and has been working in the President's office. She is a Supervisor of the Company and officer of the President's office, vice president of administrative human personnel of Shenzhen BYD Diamler New Technology Co., Ltd., and a supervisor of BYD Charity Foundation.

Yan Chen

Ms. Yan Chen, born in 1977, Chinese national with no right of abode overseas, bachelor degree holder. Ms. Yan graduated from Beijing University of Aeronautics & Astronautics in July 2000 with a bachelor degree. Ms. Yan joined Shenzhen BYD Battery Company Limited in 2000 and held positions as system engineer, secretary to the president, chief office director of the management department of Shanghai BYD Company Limited, manager of the regional administration department for Shanghai and Xian. She is a Supervisor of the Company and manager of the automobile business office and also a supervisor of Shenzhen Pengcheng Electric Automobiles Renting Co., Ltd. and a supervisor of BYD Charity Foundation.

Senior Management

Wu Jing-sheng

Mr. Wu Jing-sheng, born in 1963, Chinese national with no right of abode overseas, master degree holder. Mr. Wu graduated from Anhui Normal University (安徽省師範大學), majoring in Chinese language. He took part in National Examination for Lawyers (全國律師統考) and obtained qualification as a lawyer from the Department of Justice of Anhui Province (安徽省司法廳) in 1992. Mr. Wu also passed the National Examination for Certified Public Accountants (註冊會計師全國統考) and obtained qualification as a PRC Certified Public Accountant in 1995. In July 2006, he graduated from Guanghua School of Management of the Peking University with an MBA. Mr. Wu worked at Guangzhou Youngy Management & Investment Group Company Limited and was responsible for finance and related duties. He joined Shenzhen BYD Battery Company Limited in September 1995 as its Financial Manager. He is a Vice President, chief financial officer and Secretary to the Board of the Company, and also a non-executive director of BYD Electronic (International) Company Limited , a director of Shenzhen BYD Daimler New Technology Co., Ltd., a director of Tibet Shigatse Zhabuye Lithium High-Tech Co., Ltd., a Supervisor of Qianhai Insurance Trading Centre (Shenzhen) Co., Ltd. (前海保險交易中心（深圳）股份有限公司）, and chairman of BYD Charity Foundation.

Wang Nian-qiang

Mr. Wang Nian-qiang, born in 1964, Chinese national without the right of abode overseas, master degree holder, engineer. Mr. Wang graduated from Central South University of Technology in the PRC in 1987 with a bachelor degree majoring in industrial analysis. In 2011, he obtained a master's degree in MBA from China Europe International Business School (中歐國際工商學院). Mr. Wang worked at Anhui Tongling Institute of Non-ferrous Metals (安徽銅陵有色金屬研究院) as an engineer. He joined Shenzhen BYD Battery Company Limited as its chief engineer in February 1995. He is a Vice President and General Manager of Division 1 of the Company and a director of BYD Charity Foundation.

Mao De-he

Mr. Mao De-he, born in 1956, Chinese national with no right of abode overseas, senior engineer. Mr. Mao graduated from Base 061 No. 7.21 University (零六一基地「七•二一」 大學) majoring in mechanical manufacture and process in 1979. Mr. Mao worked as deputy head of processing at the technology institute of Factory 3407 of Guizhou Aeronautics Bureau (貴州航天局三四零七廠), deputy head and chief engineer of Shenzhen Construction Group Hong Wei Hydraulic Pressing Machine Factory (深圳建設集團宏威液壓機械廠), and deputy chief engineer of Shenzhen Bi Ge Battery Co. Limited. Mr. Mao joined Shenzhen BYD Battery Company Limited in 1996 and held positions as manager of the design department of Division 2, general manager of Division 2 and general manager of Division 15. He is a Vice President of the Company and the general manager of Division 16 of the Group and a director of BYD Charity Foundation.

Lian Yu-bo

Mr. Lian Yu-bo, born in 1964, Chinese national with no right of abode overseas, master degree holder, senior engineer. Mr. Lian graduated from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in July 1986, with a bachelor degree majoring in aircraft manufacturing engineering. In September 2000, he obtained an professional MBA degree from Nanjing University. Mr. Lian joined the Company in February 2004 and is the vice president, chief engineer of the automobile business, general manager of Division 13. He is also a director and CEO of Shenzhen BYD Daimler New Technology Co., Ltd. and a director of BYD Charity Foundation.

He Long

Mr. He Long, born in 1972, Chinese national with no right of abode overseas, master degree holder. Mr. He graduated from Peking University in 1999 and obtained a bachelor of science degree in applied chemistry, an LLB and a master degree in inorganic chemistry. Mr. He joined Shenzhen BYD Battery Company Limited in July 1999 and held positions as quality control manager of Division 1 and Division 2 and deputy general manager of Division 2 and vice-chairman of Foshan Jinhui Optoelectronic Material Co., Ltd. (佛山市金輝高科光電材料有限公司). He is a Vice President of the Company, general manager of Division 2 and a director of Tibet Shigatse Zhabuye Lithium High-Tech Co., Ltd. and a director of BYD Charity Foundation.

Liu Huan-ming

Mr. Liu Huan-ming, born in 1963, Chinese national with no right of abode overseas, master degree holder, and a senior engineer. Mr. Liu graduated from Northeastern Institute of Technology (東北工學院) (currently known as "Northeastern University") in 1988 with a bachelor's degree and later a master's degree in Metallurgical physics. Mr. Liu worked for the Iron and Steel Institute of Panzhihua Iron and Steel Company in Sichuan (四川攀枝花鋼鐵公司鋼鐵研究院) and Benxi Iron and Steel Company in Liaoning (遼寧本溪鋼鐵公司). He joined the Company in March 1997, currently being the vice-president of the Company, general manager of Human Resources Office, the Vice President of standing committee of Pingxiang Chamber of Commerce in Shenzhen（深圳市萍鄉商會） and the Vice-President of Pingxang Chamber of Commerce in Guangdong （廣東萍鄉商會） and Secretary-General of BYD Charity Foundation.

Zhang Jin-tao

Mr. Zhang Jin-tao, born in 1958, Chinese national with no right of abode overseas, bachelor's degree holder, and a senior engineer. Mr. Liu graduated from Wuhan Wuhan Institute of Technology (武漢工學院) (currently known as "Wuhan University of Technology") in 1982, majoring in casting process and equipment, with a bachelor's degree in engineering. From April 1997 to February 1998, he went to Fukushima Hightech Center in Japan for further study. Mr. Zhang worked for several companies, including state-owned Factory 612, Factory 446 and Monkey King Group Company (猴王集團公司), and was a member of National Welding Committee for Standardization and Welding Slice Technology Committee, and the vice-chairman of Hubei Province Machinery Manufacturing Technology Association. Mr. Zhang joined the Company in February 2000, holding posts such as manager of engineering department, manager of electric vehicle project department, general manager of Division 14 and Division 8. He currently is vice-president of the Company and general manager of Division 17.

Luo Hong-bin

Mr. Luo Hong-bin, born in 1966, Chinese national with no right of abode overseas, master's degree holder. Mr. Luo graduated from Air Force Engineering University in 1990, with a master's degree in computer application. Mr. Luo joined the Company in October 2003. He served as various posts including manager of the third Electronics Sub-division of Division 15 and director of the Institute of Electric vehicles. He currently is vice-president of the Company, general manager of Division 14 and president of the Electric Power Research Institute.

Li Qian

Mr. Li Qian, born in 1973, Chinese national with no right of abode overseas, bachelor's degree holder. Mr. Li graduated from Jiangxi University of Finance and Economics (江西財經大學) in 1997, with a bachelor's degree in economics. Mr. Li was the auditor and business adviser of PwC China and Arthur Andersen, respectively, and the business representative of ZTE Corporation. Mr. Li joined the Company in August 2005 and is the company secretary of the Company. He is also a joint company secretary of BYD Electronic (International) Company Limited (HK: 0285) and a supervisor of Tibet Shigatse Zhabuye Lithium High-Tech Co., Ltd.

Corporate Governance Report

The Board of Directors believes that good corporate governance is an essential element in enhancing the confidence of current and potential shareholders, investors, employees, business partners and the community as a whole. To this end, we strive to promote and uphold the highest standard of corporate governance.

The Company has put in place corporate governance practices to comply with all the provisions and most of the recommended best practices of the Code on Corporate Governance Practices (the "Code") except for the deviation from the code provision A.2.1 which provides 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 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.

Board of Directors

Accountable to the Shareholders, the Board of Directors is collectively responsible for formulating the strategic business direction of the Group and setting objectives for management, overseeing its performance and assessing the effectiveness of management strategies.

The Directors

As of the date of this report, the Board comprises six Directors. There are one Executive Director who is the President, two Non-Executive Directors and three Independent Non-Executive Directors. Detailed biographies outlining each individual Director's range of specialist experience and suitability of the successful long-term running of the Group are set out on page 21 and page 22 of this annual report.

The Group believes that its Non-executive and Independent Directors composition are well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operations and development of the Group. All Directors are aware of their collective and individual responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, contributing to the successful performance of the Group for the Year under review.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his independence as required under the Listing Rules. The Company considers all Independent Non-Executive Directors to be independent.

The Company has arranged appropriate insurance cover in respect of legal actions against its Directors and senior management with the extent of this insurance being reviewed each year.

The Board met nine times this year to discuss the Group's overall strategy, operation and financial performance. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties. All Board meetings adhere to a formal agenda in which a schedule of matter is specifically addressed to the Board for its decision. Topics discussed at these Board meetings include interim and annual results; recommendations on the remuneration of Directors, supervisors, recommendations of auditors, approval of major capital project; dividend policies; and other significant operational and financial matters.

The Directors decide on corporate strategies, approve overall business plans and supervise the Group's financial performance, management and organization on behalf of the shareholders. Specific tasks that the Board delegates to the Group's management included the preparation of annual and interim accounts for the Board's approval before public reporting; implementation of strategies approved by the Board; the implementation of internal control procedures; and the ensuring of compliance with relevant statutory requirements and other regulations and rules.

In accordance with the Company's Articles of Association and related Board resolutions, each Board member and each member of the Supervisory Committee is appointed for a term of 3 years, being the period from 11 June 2011 to 10 June 2014, but the appointment period for Mr. Li Lian-he is from 9 September 2011 to 10 June 2014.

The Board's Diversity Policy

During the year, the Board has adopted the Diversity Policy, which sets out the approach to diversity of Board members. In determining the Board composition, the Company considers a range of diversity elements, including but not limited to gender, age, cultural and education background, professional experience, skills and knowledge. All appointments of the Board will be made based on merit and objective criteria while taking into full account of the interest of Board's diversity.

The selection of candidate will be based on a range of diversity elements. The final decision will be made according to the strengths of the candidate and his/her contribution that would bring to the Board.

Board Meetings

To ensure the highest attendance of Directors, written notices are sent to all Directors 14 days before a regular board meeting; written notices are sent to all Directors 2 days before a provisional board meeting. The meeting agenda is set in consultation with members of the Board. The Board held nine meetings in 2013. The attendance of individual Director at the Board meetings is set out below:

Members of the Board	Number of Board Meetings Attended	Attendance Rate
Executive Director		
WANG Chuan-fu	9	100%
Non-executive Directors		
LU Xiang-yang	9	100%
XIA Zuo-quan	9	100%
Independent Non-executive Directors		
LI Dong	9	100%
WU Chang-qi	9	100%
LI Lian-he	9	100%

In furtherance of good corporate governance, the Board has set up a number of committees, including:

– the Audit Committee;

– the Remuneration Committee;

– the Nomination Committee; and

– the Strategy Committee.

Each Committee reports regularly to the Board of Directors, addressing major issues and findings with valuable recommendations for the decision making of the Board of Directors. The particulars of these Committees are set out hereunder.

Audit Committee

One of the primary duties of the Audit Committee is to review the financial reporting process of the Group. As at 31 December 2013, Audit Committee consists of three independent non-executive Directors, namely Ms. Li Dong, Mr. Wu Chang-qi and Mr. Li Lian-he, and a non-executive Director, Mr. Lu Xiang-yang, with Ms. Li Dong as the Chairman. Meetings were convened by the Company's Audit Committee and the Company's auditors to review the accounting policies and practices adopted by the Group and to discuss auditing, internal control, risk management and financial reporting matters before recommending them to the Board for approval.

The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants and the provisions of the Code.

The Audit Committee held four meetings in 2013 to review the internal and external audit findings, the accounting principles and practices adopted by the Group, and Listing Rules and statutory compliance, and to discuss auditing, internal controls, risk management and financial reporting matters including financial statements for the year ended 31 December 2012, the three months ended 31 March 2013, the six months ended 30 June 2013 and the nine months ended 30 September 2013, before recommending them to the Board for approval. The individual attendance of its members of the meetings is set out as follows:

Member of the Audit Committee	Number of Committee Meetings Attended	Attendance Rate
LU Xiang-yang	4	100%
LI Dong	4	100%
WU Chang-qi	4	100%
LI Lian-he	4	100%

Remuneration Committee

Pursuant to code provision B.1.1 of the Code, the Board of Directors established a Remuneration Committee on 27 June 2005. The primary role of the Remuneration Committee is to regularly review human resource management policies, make recommendations on the compensation and benefit plans of Directors and senior management, as well as setting performance goals for senior management of the Group. As at 31 December 2013, the Remuneration Committee comprises Mr. Wang Chuan-fu, Mr. Xia Zuo-quan, Ms. Li Dong, Mr. Wu Chang-qi and Mr. Li Lian-he, with Mr. Wu Chang-qi as the Chairman.

The Remuneration Committee has reviewed its terms of reference in 2013 to comply with the Code.

Remuneration Policy for Directors

The primary goal of the Group's remuneration policy for Executive Directors is to enable the Company to retain and motivate Executive Directors by linking their compensation with their individual performance as measured against the corporate objectives and the Group's operating results and taking into accounts of the comparable market conditions. The principal elements of the remuneration package of Executive Directors include basic salary and discretionary bonus.

Recommendation on the remuneration of Non-Executive Directors which includes mainly the Director's fee is a matter for the Board as a whole. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

Directors do not participate in decisions on their own remuneration.

The emoluments paid to each Director of the Company for the year ended 31 December 2013 are set out in note 9 to the financial statements.

Nomination Committee

Pursuant to the relevant provision of the Code, the Group established the Nomination Committee. As at 31 December 2013, the Nomination Committee comprises Mr. Wang Chuan-fu, Mr. Lu Xiang-yang, Ms. Li Dong, Mr. Wu Chang-qi and Mr. Li Lian-he, with Mr. Li Lian-he as the Chairman. The Nomination Committee has performed such duties as set out in the Code.

Strategy Committee

The Group established the Strategy Committee on 20 March 2008 in accordance with the relevant provisions of the Code of Corporate Governance for Listed Companies (上市公司治理準則). As at 31 December 2013, the Strategy Committee comprised Mr. Wang Chuan-fu, Mr. Lu Xiang-yang, Mr. Xia Zuo-quan, Mr. Wu Chang-qi and Mr. Li Lian-he, with Mr. Wang Chuan-fu as the Chairman. The main duty of the Strategy Committee is to consider and make recommendations on the Company's long-term development strategy and major investment decisions.

Independent Auditors and their Remuneration

For the year ended 31 December 2013, the total remuneration paid to the international auditors, Ernst & Young and the domestic auditors, Ernst & Young Hua Ming (LLP), was RMB3,360,000 for audit services provided for the Company. The audit fee was approved by the Board.

The Board has proposed to re-appoint Ernst & Young as the international auditor of the Company for 2014 and Ernst & Young Hua Ming (LLP) as the domestic auditors for 2014, which is subject to approval by shareholders at the forthcoming annual general meeting.

Internal Control

Internal Control System

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness through the Audit Committee. The Company's system of internal control plays a key role in the management of risks that are significant to the fulfillment of its business objectives. Procedures have been designed for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records and for the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. Procedures have also been designed for compliance of applicable laws, rules and regulations. The Board of directors has conducted an annual review of the Group's internal control system through the Audit Committee of the Group and considers that the relevant system is appropriate and effective.

Internal Audit

The Group has an Internal Audit Department which plays an important role in the Group's internal control framework. The tasks of the Department include regular review and audit of the practices, procedures and internal control systems on those areas of the Group's activities with the greatest perceived risks. Apart from conducting special reviews of areas of concern identified by management or the Audit Committee, the Department also conducts routine examinations and reviews on the soundness and effectiveness of general business management, thus achieving effective control and driving improvement in the overall business activities of the Company to the greatest extent possible.

The Internal Audit Department will report directly to the Audit Committee appointed by the Board of Directors at the functional level, and will report to the Chief Financial Officer at the administrative level.

With the development of the Company, the Internal Audit Department has established various internal audit standard documents such as "Internal Audit System" and "Internal Control Standard" and "Internal Control Assessment and Management Requirements", to conduct inspection at company level and business level through project audit and internal control test, so as to identify risks and enhance its management.

The annual and quarterly work plan of internal audit of departments is reviewed by the Audit Committee and reported to the Audit Committee regularly. Major audit findings will be reported to the Audit Committee on timely basis. During the reporting year, the Internal Audit Department reviewed the key operations of the Group, identified areas of concern and held constructive communications with the Audit Committee.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the Company's code of conduct regarding securities transactions by its Directors. All Directors complied with their obligations under the Model Code regarding their securities transactions during the Year.

Specified employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the Model Code. No incident of non-compliance was noted by the Company in 2013.

Shareholders' Rights

Under the Company's Articles of Association, any one or more Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal place of business in Hong Kong. Other general enquiries can be directed to the Company through our Investor and Media Relations Consultant, whose contact information is disclosed in "Corporate Information" of this annual report.

Investor Relations

The Company believes that effective communication with investors is essential for enhancing investors' knowledge and understanding of the Company's business performance and strategies. To achieve this, the Company pursues a proactive policy of promoting investor relations and communications. The main purpose of the Company's investor relations policy, therefore, is to enable investors to have access, on a fair and timely basis, to information that is reasonably required for making the best investment decisions.

Report of the Directors

The directors of the Company ("Directors") submit their report together with the audited consolidated accounts of BYD Company Limited (the "Company") and its subsidiaries (together with the Company hereinafter collectively referred to as the "Group") for the year ended 31 December 2013.

Principal Activities and Geographical Analysis of Operations

The principal activities of the Group are rechargeable battery and new energy business, handset components and assembly business as well as automobile business (including traditional fuel-powered vehicles and new energy vehicles). The activities of the Company's subsidiaries are set out in note 19 to the financial statements. There were no significant changes in the nature of the Group's principal activities for the year ended 31 December 2013.

An analysis of the Group's performance for the year ended 31 December 2013 by business and geographical segments is set out in Note 4 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2013 and the financial position of the Group and the Company as at the date are set out in the consolidated financial statements and their notes on page 39 to page 127 of this annual report.

The Board recommend the payment of a final dividend per share at RMB0.05 for the year ended 31 December 2013.

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity and note 34 to the financial statements respectively.

Donations

Charitable and other donations made by the Group during the year ended 31 December 2013 amounted to approximately RMB11,162,000 (2012: RMB14,214,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group and the Company are set out in note 15 to the financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in note 33 to the financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2013, calculated under the relevant legislation applicable in the PRC, the Company's place of incorporation, amounted to approximately RMB2,324,058,000 (2012: RMB2,244,071,000).

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's Article of Association and there is no similar restriction against such rights under the laws of the PRC in respect of joint stock limited company, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2 and page 127 of this annual report.

Directors

The Directors who held office during the year ended 31 December 2013 and up to the date of this report are:

– Executive director:
  Mr. Wang Chuan-fu

– Non-executive directors:
  Mr. Lu Xiang-yang
  Mr. Xia Zuo-quan

– Independent non-executive directors:
  Ms. Li Dong
  Mr. Wu Chang-qi
  Mr. Li Lian-he

Directors' and Supervisors' Service Contracts

All existing Directors had signed or renewed their service contracts with the Company for a term of three years commencing on 11 June 2011, but the contract period for Mr. Li Lian-he is from 9 September 2011 to 10 June 2014.

All existing Supervisors, had signed or renewed their service contracts with the Company for a term of three years commencing on 11 June 2011.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company was a party and in which a Director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

Directors Remunerations

The emolument payable to each Executive Director is based on (i) his duties and responsibilities; (ii) prevailing market conditions; and (iii) performance and profitability of the Company.

The emolument payable to each Non-Executive Director (including Independent Non-Executive Director) is based on the responsibilities and undertaking to the Board taking into account his experience and market practice for such post.

Details of the remuneration of the Directors are set out in note 9 to the financial statements.

Biographical Details of Directors, Supervisors and Senior Management

Brief biographical details of Directors, Supervisors and senior management of the Company are set out on pages 21 to 25.

Directors', Supervisors' and Chief Executives' Interests

As at 31 December 2013, the interests and short positions of each of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code of Securities Transactions by Directors of Listed Companies under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange to be notified to the Company and the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors) were as follows:

A shares

Name	Number of A shares	Approximate percentage of shareholding in total issued A shares (%)	Approximate percentage of shareholding in total issued share capital (%)
Mr. Wang Chuan-fu (Director)	570,642,580 (L)	36.56%	24.24%
Mr. Lu Xiang-yang (Director)	401,810,480 (L) *(Note 1)*	25.74%	17.07%
Mr. Xia Zuo-quan (Director)	118,977,060 (L)	7.62%	5.05%

(L) – Long Position

Note:

1. Out of these 401,810,480 A shares, 239,228,620 A shares were held by Mr. Lu in his personal capacity and 162,581,860 A shares were held by Youngy Investment. Youngy Investment is in turn held by Mr. Lu and his spouse as to 89.5% and 10.5% equity interests, respectively. Mr. Lu is therefore deemed to be interested in 162,581,860 A shares under the SFO.

Saved as disclosed above, as at 31 December 2013, none of the Directors, supervisors or chief executives of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or (b) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Shareholders with Notifiable Interests

As at 31 December 2013, so far as was known to the Directors of the Company, the following persons (other than the Directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO (Cap. 571 of the Laws of Hong Kong), or were required to be recorded in the register kept by the Company according to Section 336 of the SFO.

1. A shares

Name	Number of A shares	Approximate percentage of shareholding in total issued A shares (%)	Approximate percentage of shareholding in total issued share capital (%)
Youngy Investment *(Note 1)*	162,581,860 (L)	10.42%	6.91%

(L) – Long position

Note:

1. Youngy Investment is owned by Mr. Lu Xiang-yang, a non-executive director of the Company, as to 89.5%. Mr. Lu is therefore deemed to be interested in 162,581,860 A shares held by Youngy Investment under the SFO.

2. H shares

Name	Number of H shares	Approximate percentage of shareholding in total issued H shares (%)	Approximate percentage of shareholding in total issued share capital (%)
Berkshire Hathaway Inc. *(note 1)*	225,000,000 (L)	28.37%	9.56%
MidAmerican Energy Holdings Company *(note 1)*	225,000,000 (L)	28.37%	9.56%
Li Lu *(note 2)*	55,511,200 (L)	7.00%	2.36%
LL Group, LLC *(note 2)*	55,511,200 (L)	7.00%	2.36%
FIL Limited *(note 3)*	39,711,986 (L)	5.01%	1.69%

(L) – Long Position, (S) – Short Position

Notes:

1. Berkshire Hathaway Inc. was deemed to be interested in 225,000,000 H shares (L) through its controlled corporation, MidAmerican Energy Holdings Company which is directly interested in 225,000,000 H shares.

2. LL Group, LLC was deemed to be interested in 55,511,200 H shares (L) through its controlled corporation, LL Investment Partners, L.P.. Li Lu, as controlling shareholder of LL Group, LLC was also deemed to be interested in 55,511,200 H shares.

3. FIL Limited was interested as investment manager in 39,711,986 H shares (L).

The total issued share capital of the Company as at 31 December 2013 was RMB2,354,100,000, divided into 1,561,000,000 A shares of RMB1.00 each and 793,100,000 H shares of RMB1.00 each, all fully paid up.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2013.

Major Customers and Suppliers

The percentage of purchases and sales for the year ended 31 December 2013 attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	4.60%
– the five largest suppliers combined	9.58%
Sales	
– the largest customer	7.42%
– the five largest customers combined	24.56%

None of the directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the major suppliers or customer noted above.

Connected Transactions

There was no connected transaction entered into by the Group during the year ended 31 December 2013 which is required to be disclosed under the Listing Rules.

Sufficiency of Public Float

Based on information which is publicly available to the Company and within the knowledge of its directors as at the date of this report, the directors confirm that the Company had sufficient public float as required by the Listing Rules.

Confirmation of Independence

Each Independent Non-Executive Director has provided a written statement confirming his Independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company assessed that each Independent Non-Executive Director continues to be independent.

Auditors

Ernst & Young, the Company's international auditor, and Ernst & Young Hua Ming (LLP), the Company's domestic accountant, will retire. A resolution will be proposed at the forthcoming annual general meeting to appoint Ernst & Young as the international auditor of the Company for 2014 and Ernst & Young Hua Ming (LLP) as the domestic accountant for 2014.

On behalf of the Board

Wang Chuan-fu
Chairman

Shenzhen, the PRC, 19 March 2014

Report of the Supervisory Committee

In 2013, in accordance with the principle of being accountable to all shareholders, the Supervisory Committee of the Company fully complied with the duties to supervise and ensure that the resolutions as passed in the Shareholders' General Meetings were consistently implemented, the legal interest of shareholders was protected and the duties conferred under the Articles of Association and in the Shareholders' General Meetings were completed in accordance with the Company Law, the Articles of Association and the relevant provisions, in order to facilitate a disciplined operation and sustainable development of the Company.

1. Meetings of the Supervisory Committee During the Reporting Period and Resolutions Passed in Such Meetings

On 22 March 2013, the Supervisory Committee convened its meeting at the office of the Company, where the annual report of the Company for 2012 was considered and approved accordingly.

On 25 April 2013, the Supervisory Committee convened its meeting at the office of the Company, where the first quarterly report of the Company for 2013 was considered and approved accordingly.

On 23 August 2013, the Supervisory Committee convened its meeting at the office of the Company, where the interim report of the Company for 2013 was considered and approved accordingly.

On 29 October 2013, the Supervisory Committee convened its meeting at the office of the Company, where the third quarterly report of the Company for 2013 was considered and approved accordingly.

2. Progress of the Work of the Supervisory Committee During the Reporting Period

During the reporting period, the Supervisory Committee of the Company performed its supervisory functions in a fiduciary manner. The Supervisory Committee duly supervised and examined the Company's financial situation, the Board of Directors' execution of the resolutions passed in the Shareholders' General Meeting, operational decisions of the management, the operations of the Company in compliance with the laws, the acts of the Directors, supervisors and senior management, and the connected transactions entered into with its controlling shareholder. The Supervisory Committee considered that:

(1) The operating activities of the Company and its subsidiaries in 2013 did not violate the Company Law, the Articles of Association, financial accounting procedures and the laws and regulations of the PRC.

(2) During the discharge of their duties in 2013, the directors, supervisors and senior management of the Company fulfilled their fiduciary duties by acting lawfully, regularized management, explored for innovation, with discipline to protect the interests of all the shareholders of the Company. None of the parties named above was found in breach of the Company Law, the Articles of Association or the laws and regulations of the PRC.

(3) The auditors presented an unqualified auditors' report. The report indicates the financial statements give a true and fair view of the financial results and operations of the Company.

Dong Jun-qing
Chairman of the Supervisory Committee
29 March 2014

Independent Auditors' Report

Building a better working world

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To the shareholders of BYD Company Limited
(Registered in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of BYD Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 127, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with disclosure requirement of Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong

19 March 2014

Consolidated Statement of Profit or Loss

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	5	49,767,887	44,380,858
Cost of sales		(43,251,573)	(39,254,530)
Gross profit		6,516,314	5,126,328
Other income and gains	5	456,199	423,332
Government grants and subsidies	7	677,121	550,387
Selling and distribution expenses		(2,011,845)	(1,511,797)
Research and development costs	6	(1,278,910)	(1,150,419)
Administrative expenses		(2,073,516)	(2,055,016)
Other expenses		(387,556)	(205,148)
Finance costs	8	(1,017,318)	(862,439)
Share of profits and losses of:			
Joint ventures		(36,309)	(24,709)
An associate		(12,099)	206
PROFIT BEFORE TAX	6	832,081	290,725
Income tax expense	11	(56,215)	(77,835)
PROFIT FOR THE YEAR		775,866	212,890
PROFIT FOR THE YEAR			
Attributable to:			
Owners of the parent	13	553,059	81,377
Non-controlling interests		222,807	131,513
		775,866	212,890
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic and diluted			
– For profit for the year		RMB0.23	RMB0.03

Consolidated Statement of Comprehensive Income

Year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
PROFIT FOR THE YEAR		775,866	212,890
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		1,502	1,107
Reclassification adjustments for gain included in the consolidated statement of profit or loss			
– gain on disposal		–	(13,314)
		1,502	(12,207)
Exchange differences on translation of foreign operations		(65,298)	4,832
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(63,796)	(7,375)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		712,070	205,515
Attributable to:			
Owners of the parent	13	512,780	72,467
Non-controlling interests		199,290	133,048
		712,070	205,515

Consolidated Statement of Financial Position

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000 (Reclassified)
NON-CURRENT ASSETS			
Property, plant and equipment	15	34,147,121	33,659,418
Prepaid land lease payments	16	4,628,295	4,313,216
Goodwill	17	65,914	65,914
Other intangible assets	18	4,929,267	3,603,454
Non-current prepayments	26	1,463,810	1,508,332
Long term receivable		34,679	22,500
Investments in joint ventures	20	809,388	662,849
Investment in an associate	21	274,117	286,216
Available-for-sale investments	22	9,487	2,985
Deferred tax assets	33	899,699	786,123
Property under development	23	787,404	1,772,538
Total non-current assets		48,049,181	46,683,545
CURRENT ASSETS			
Inventories	24	8,220,552	7,344,833
Trade and bills receivables	25	13,135,007	9,937,481
Prepayments, deposits and other receivables	26	2,425,717	2,226,222
Due from the joint ventures	39(c)	250,009	131,760
Completed property held for sale	23	555,540	–
Pledged deposits	27	667,886	197,405
Short term deposits	27	200,000	–
Cash and cash equivalents	27	4,510,942	3,486,561
Total current assets		29,965,653	23,324,262
CURRENT LIABILITIES			
Trade and bills payables	28	22,292,736	19,932,524
Other payables	29	2,942,148	2,960,445
Advances from customers		1,272,407	2,438,623
Deferred income	30	199,439	117,350
Interest-bearing bank and other borrowings	31	16,172,161	11,287,779
Due to the joint ventures	39(c)	–	25,521
Tax payable		165,734	238,097
Provision	32	299,352	227,897
Total current liabilities		43,343,977	37,228,236
NET CURRENT LIABILITIES		(13,378,324)	(13,903,974)
TOTAL ASSETS LESS CURRENT LIABILITIES		34,670,857	32,779,571

continued/...

Consolidated Statement of Financial Position

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		34,670,857	32,779,571
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	8,652,259	7,341,344
Deferred income	30	1,158,565	1,293,618
Other liabilities		3,592	238
Total non-current liabilities		9,814,416	8,635,200
Net assets		24,856,441	24,144,371
EQUITY			
Equity attributable to owners of the parent			
Issued capital	34	2,354,100	2,354,100
Reserves	35	19,237,959	18,842,884
Proposed Final Dividend	12	117,705	–
		21,709,764	21,196,984
Non-controlling interests		3,146,677	2,947,387
Total equity		24,856,441	24,144,371

Director *Director*

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

	Attributable to owners of the parent									
	Issued capital RMB'000 *(note 34)*	Share premium account RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000 *(note 35)*	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	2,354,100	2,643,425	4,364,831	1,717,898	(123,697)	10,167,960	–	21,124,517	2,855,619	23,980,136
Profit for the year	–	–	–	–	–	81,377	–	81,377	131,513	212,890
Other comprehensive income for the year:										
Change in fair value of available-for-sale investments, net of tax	–	–	1,107	–	–	–	–	1,107	–	1,107
Reclassification adjustments for gain included in the consolidated statement of profit or loss gain on disposal	–	–	(13,314)	–	–	–	–	(13,314)	–	(13,314)
Exchange differences on translation of foreign operations	–	–	–	–	3,297	–	–	3,297	1,535	4,832
Total comprehensive income for the year	–	–	(12,207)	–	3,297	81,377	–	72,467	133,048	205,515
Loss on deemed disposal of subsidiaries										
Dividends paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	(41,280)	(41,280)
Government subsidies designated to increase the reserve fund	–	–	19,773	–	–	(19,773)	–	–	–	–
Appropriation to statutory surplus reserve fund	–	–	–	103,238	–	(103,238)	–	–	–	–
At 31 December 2012 and 1 January 2013	2,354,100	2,643,425*	4,372,397*	1,821,136*	(120,400)*	10,126,326*	–	21,196,984	2,947,387	24,144,371
Profit for the year	–	–	–	–	–	553,059	–	553,059	222,807	775,866
Other comprehensive income for the year:										
Change in fair value of available-for-sale investments, net of tax	–	–	1,502	–	–	–	–	1,502	–	1,502
Exchange differences on translation of foreign operations	–	–	–	–	(41,781)	–	–	(41,781)	(23,517)	(65,298)
Total comprehensive income for the year	–	–	1,502	–	(41,781)	553,059	–	512,780	199,290	712,070
Proposed 2013 dividend *(note 12)*	–	–	–	–	–	(117,705)	117,705	–	–	–
Government subsidies designated to increase the reserve fund	–	–	24,931	–	–	(24,931)	–	–	–	–
Appropriation to statutory surplus reserve fund	–	–	–	144,609	–	(144,609)	–	–	–	–
At 31 December 2013	2,354,100	2,643,425*	4,398,830*	1,965,745*	(162,181)*	10,392,140*	117,705	21,709,764	3,146,677	24,856,441

* These reserve accounts comprise the consolidated reserves of RMB19,237,959,000 (2012: RMB18,842,884,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		832,081	290,725
Adjustments for:			
Finance costs	8	1,017,318	862,439
Share of profits and losses of joint ventures and an associate		48,408	24,503
Bank interest income	5	(70,124)	(50,518)
Government grants and subsidies		(201,227)	(139,608)
Loss on disposal of items of non-current assets	6	(1,213)	13,951
Gains on settlement of available-for-sale investments		–	(13,314)
Depreciation	15	3,209,045	3,019,857
Impairment of inventories	6	110,373	217,320
Impairment of trade receivables	25	52,382	71,432
Impairment of prepayments, deposits and other receivables	26	94,886	–
Impairment losses of trade receivables reversed	25	(711)	(4,360)
Impairment of property, plant and equipment	15	15,373	9,715
Impairment of other intangible assets	18	–	30,151
Recognition of prepaid land lease payments	16	94,479	103,220
Amortisation of other intangible assets	18	323,506	236,252
		5,524,576	4,671,765
Increase in inventories		(986,092)	(966,356)
(Increase)/decrease in trade and bills receivables		(3,214,130)	100,588
Increase in prepayments, deposits and other receivables		(342,789)	(51,628)
Increase in amounts due from joint ventures		(118,249)	(74,296)
Increase in long term receivable		(12,179)	(5,000)
Decrease/(increase) in property under development		1,038,759	(540,181)
Increase in completed property held for sale		(555,540)	–
Increase in trade and bills payables		2,221,556	1,447,451
Increase in other payables		176,253	462,848
(Decrease)/increase in advances from customers		(1,166,216)	843,401
(Decrease)/increase in amounts due to joint ventures		(25,521)	25,521
Increase/(decrease) in provision for warranties		71,455	(110,668)
Cash generated from operations		2,611,883	5,803,445
Interest received		70,124	50,518
Taxes paid		(245,838)	(298,632)
Net cash flows from operating activities		2,436,169	5,555,331

continued/...

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Net cash flows from operating activities		2,436,169	5,555,331
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(3,806,088)	(5,629,022)
Decrease in non-current prepayments		44,522	2,799,983
Increase in prepaid land lease payments		(433,225)	(143,811)
Increase in short term deposits		(200,000)	–
Receipt of government grants		37,350	199,340
Receipt of investment income from a previously owned joint venture		–	7,875
Additions to other intangible assets		(1,569,164)	(1,377,306)
Proceeds from disposal of items of property, plant and equipment and other intangibles assets		272,213	133,815
Proceeds from disposal of an investment in a joint venture		–	89,100
Proceeds from settlement of available-for-sale investments		–	13,314
Repayment of government grants		–	(252,910)
Purchases of available-for-sale investments		(5,000)	–
Capital contributions to joint ventures		(192,000)	(450,000)
Net cash flows used in investing activities		(5,851,392)	(4,609,622)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of corporate bonds		3,000,000	3,000,000
Corporate bond issue expenses		(11,768)	(31,798)
New bank loans		16,054,585	10,984,867
Repayment of bank loans		(12,822,558)	(14,069,863)
Interest paid		(1,242,020)	(1,172,615)
Dividends paid to a non-controlling shareholder		–	(41,280)
(Increase)/decrease in pledged deposits		(470,481)	113,655
Net cash flows from/(used in) financing activities		4,507,758	(1,217,034)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,092,535	(271,325)
Cash and cash equivalents at beginning of year		3,486,561	3,737,386
Effect of foreign exchange rate changes, net		(68,154)	20,500
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,510,942	3,486,561
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	4,777,375	2,337,342
Non-pledged time deposits with original maturity of less than three months when acquired	27	601,453	1,346,624
Short term deposits	27	(200,000)	–
Pledged time deposit for banking facilities	27	(667,886)	(197,405)
Cash and cash equivalents as stated in the statement of financial position		4,510,942	3,486,561

Statement of Financial Position

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000 (Reclassified)
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,336,236	1,432,486
Investments in subsidiaries	19	6,458,944	6,473,944
Investment in an associate	21	291,825	291,825
Prepaid land lease payments	16	25,564	26,246
Other intangible assets	18	56,307	33,935
Non-current prepayments	26	12,784	9,568
Deferred tax assets	33	79,142	42,249
Long term receivable		29,679	–
Available-for-sale investments	22	9,487	2,985
Total non-current assets		8,299,968	8,313,238
CURRENT ASSETS			
Inventories	24	419,226	483,626
Trade and bills receivables	25	1,074,440	1,014,645
Tax recoverable		3,039	2,329
Prepayments, deposits and other receivables	26	105,248	44,290
Due from subsidiaries	19	14,931,538	13,787,001
Cash and cash equivalents	27	322,718	120,928
Total current assets		16,856,209	15,452,819
CURRENT LIABILITIES			
Trade and bills payables	28	1,158,612	981,920
Other payables	29	358,314	307,514
Advances from customers		14,981	25,188
Interest-bearing bank borrowings	31	5,592,800	5,047,408
Due to subsidiaries	19	2,506,481	5,357,318
Total current liabilities		9,631,188	11,719,348
NET CURRENT ASSETS		7,225,021	3,733,471
TOTAL ASSETS LESS CURRENT LIABILITIES		15,524,989	12,046,709
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	7,921,682	4,535,730
Other non-current liabilities		3,296	–
Total non-current liabilities		7,924,978	4,535,730
Net assets		7,600,011	7,510,979
EQUITY			
Issued capital	34	2,354,100	2,354,100
Reserves	35(b)	5,245,911	5,156,879
Total equity		7,600,011	7,510,979

Director *Director*

Notes to Financial Statements

31 December 2013

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 Company and its subsidiaries (collectively referred to as the "Group") are the research, development, manufacture and sale of automobiles and related products, handset components, rechargeable batteries, LCD and other electronic products. The activities of the Company's subsidiaries are set out in note 19.

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 requirement of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investment, which has 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.

Despite the Group's net current liabilities of approximately RMB13,378,324,000 as at 31 December 2013, the consolidated financial statements have been prepared on a going concern basis as it is the directors' contention that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements

31 December 2013

2.2 Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements– Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions* by Venturers. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011). The application of HKFRS 11 does not change the conclusion of the Group in respect of the classification of the Group's investments in joint arrangements.

Notes to Financial Statements

31 December 2013

2.2 Changes in accounting policies and disclosures (continued)

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries, joint ventures and an associate are included in notes 19, 20 and 21 to the financial statements.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in note 41 to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

Notes to Financial Statements

31 December 2013

2.3 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 9	*Financial Instruments* [3]
HKFRS 9, HKFRS 7 and HKFRS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39* [3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

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2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 Summary of significant accounting policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group’s voting rights and potential voting rights.

The results of subsidiaries are included in the Company’s statement of profit or loss to the extent of dividends received and receivable. The Company’s investments in subsidiaries are stated at cost less any impairment losses.

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2.4 Summary of significant accounting policies (continued)

Investments in an associate and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in an associate and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associate and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of an associate or joint ventures is included as part of the Group's investments in an associate or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of an associate and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in an associate and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Notes to Financial Statements

31 December 2013

2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements

31 December 2013

2.4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, goodwill and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to Financial Statements

31 December 2013

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Except for moulds, depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and residual value are as follows:

	Estimated useful lives	Residual value
Freehold land	Not depreciated	–
Buildings	10 to 50 years	5%
Leasehold improvements	Over the shorter of the lease terms and 5 years	–
Machinery and equipment	5 to 10 years	5%
Motor vehicles	5 years	5%
Office equipment and fixtures	5 years and below	5%

The unit of production method is used to write off the cost of moulds.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress representing property and plant under construction is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses. The development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, except for those of new energy vehicles which are amortised using the unit of production method, commencing from the date when the products are put into commercial production.

Notes to Financial Statements

31 December 2013

2.4 Summary of significant accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Industrial proprietary rights

Industrial proprietary rights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five to ten years.

Know-how

Know-how is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss and loans and receivables and available-for sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Notes to Financial Statements

31 December 2013

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Notes to Financial Statements

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2.4 Summary of significant accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Notes to Financial Statements

31 December 2013

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, and interest-bearing loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Notes to Financial Statements

31 December 2013

2.4 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

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2.4 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Cost of moulds is determined at the actual cost incurred in the production process. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Short term deposits

Term deposits with an initial term of over three months but less than one year were classified as short term deposits on the consolidated statement of financial position. The effective interest rate for the term deposits of the Group with an initial term of over three months for the year ended 31 December 2013 was 3.05% (2012: Nil). The carrying value of the short term deposits with an initial term of over three months approximated to their fair value as at 31 December 2013. Term deposits with an initial term of over three months were denominated in RMB and were neither past due nor impaired.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and an associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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2.4 Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) subcontracting income and assembly service income, when the relevant services have been rendered.

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2.4 Summary of significant accounting policies (continued)

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Employee benefits

Employees' leave entitlements

Employees' entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employees' entitlements to sick leave and maternity leave are not recognised until the time of leave.

Medical benefits

The Group's contributions to various defined contribution medical benefit plans organised by the relevant municipal and provincial governments in the PRC are expensed as incurred.

Pension schemes-Mainland China

The employees of the Group's subsidiaries, which operate in Mainland China, are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Pension schemes – non-China

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities in various areas other than Mainland China. The Group's liability in respect of these plans is limited to the contributions payable at the end of each period. Contributions to these plans are expensed as incurred.

Housing fund – Mainland China

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to Financial Statements

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2.4 Summary of significant accounting policies (continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The Group treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Lease classification

The Group has entered into contractual operating contracts on certain land and building. As a lessee, the Group has determined, based on evaluation of terms and conditions of the agreements, as all the rewards and risks of ownership of these assets have not been transferred to the Group, they are accounted for as operating leases.

The Group has entered into a sale and leaseback agreement as a lessee with a third party lease company regarding certain machinery and equipment (the "Asset"). The fair value of the Assets was determined using the replacement cost approach. The Group compares the fair value of the Assets with the present value of minimum lease payments and considers whether it is reasonably certain that the option to purchase the Assets will be exercised at the inception of the lease, as well as other terms and conditions of the sale and leaseback agreement, to determine the classification of the lease.

Notes to Financial Statements

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3. Significant accounting judgements and estimates (continued)

Judgements (continued)

Deferred tax on withholding tax arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries levied in the relevant tax jurisdiction is subject to judgement on the timing of the payment of the dividends. The Group considers that if the earnings will not be probable to be distributed in the foreseeable future, then no deferred tax liabilities on such withholding tax should be provided. Further details are included in note 33 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2013 was RMB65,914,000 (2012: RMB65,914,000). Further details are included in note 17 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Depreciation and amortisation

The Group calculates the depreciation of items of property, plant and equipment and amortisation of intangible assets on the straight-line basis over their estimated useful lives or on the unit of production basis and after taking into account their estimated residual value, estimated useful lives or estimated total production quantities, commencing from the date the items of property, plant and equipment and intangible assets are placed into use. The estimated useful lives or the total production quantities reflect the directors' estimate of the period that the Group intends to derive future economic benefits from the use of the Group's items of property, plant and equipment or intangible assets.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2013 was RMB74,375,000 (2012: RMB45,411,000). The amount of unrecognised tax losses at 31 December 2013 was RMB1,545,742,000 (2012: RMB1,178,488,000). Further details are contained in note 33 to the financial statements.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2013, the best estimate of the carrying amount of capitalised development costs was RMB4,832,818,000 (2012: RMB3,529,221,000). Further details are contained in note 18 to the financial statements.

Notes to Financial Statements

31 December 2013

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Warranty provisions

Provisions for product warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. Management reviews and adjusts the provision to recognise the best estimate at the end of the each reporting period.

Allowance for doubtful receivables

Management makes provision for doubtful accounts by determining whether there is any objective evidence affecting collectability, like the insolvency of the debtor or the possibility of serious financial difficulties. Management re-estimates the allowance for doubtful receivables at the end of each reporting period.

Write-down of inventories based on the lower of cost and net realisable value

The Group, pursuant to the accounting policy for inventories, writes down inventories from cost to net realisable value and makes reserves for slow-moving items and obsolescence by using the lower of cost and net realisable value rule. The Group re-estimates the allowance to reduce the valuation of inventories to net realisable value item by item at the end of each reporting period.

4. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the rechargeable batteries and other products segment comprises the manufacture and sale of lithium-ion batteries and nickel batteries principally for mobile phones, electric tools and other portable electronic instruments and new energy products;

(b) the mobile handset components and assembly service segment comprises the manufacture and sale of mobile handset components such as housings, keypads and the provision of assembly services;

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, as well as head office and corporate expenses and gains that are excluded from such measurement.

Segment assets exclude deferred tax assets, goodwill, available-for-sale investments and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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.

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31 December 2013

4. Operating segment information (continued)

Year ended 31 December 2013	Rechargeable batteries and other products RMB'000	Mobile handset components and assembly service RMB'000	Automobiles and related products RMB'000	Corporate and others RMB'000	Total RMB'000
Segment revenue					
Sales to external customers	5,018,123	19,459,260	25,290,504	–	49,767,887
Intersegment sales	928,561	601,337	128,820	–	1,658,718
Others including other gross income from sales of properties and raw materials and disposal of scrap materials	282,494	321,344	669,145	618,879	1,891,862
Taxes and surcharges	22,756	87,695	1,056,057	37,026	1,203,534
	6,251,934	20,469,636	27,144,526	655,905	54,522,001
Reconciliation:					
Elimination of intersegment sales					(1,658,718)
Elimination of other gross income					(1,891,862)
Elimination of taxes and surcharges					(1,203,534)
Revenue – sales to external customers					49,767,887
Segment results	101,571	1,111,762	825,287	11,546	2,050,166
Reconciliation:					
Elimination of intersegment results					(275,230)
Interest income					70,124
Dividend income and unallocated gains					727,280
Corporate and other unallocated expenses					(722,941)
Finance costs					(1,017,318)
Profit before tax					832,081
Segment assets	14,352,431	19,833,630	41,867,687	–	76,053,748
Reconciliation:					
Elimination of intersegment receivables					(1,883,887)
Elimination of unrealised profit intersegment sales					(52,555)
Corporate and other unallocated assets					3,897,528
Total assets					78,014,834

Notes to Financial Statements

31 December 2013

4. Operating segment information (continued)

Year ended 31 December 2013	Rechargeable batteries and other products RMB'000	Mobile handset components and assembly service RMB'000	Automobiles and related products RMB'000	Corporate and others RMB'000	Total RMB'000
Segment liabilities	2,677,454	5,127,041	21,789,329	–	29,593,824
Reconciliation:					
Elimination of intersegment payables					(1,883,887)
Corporate and other unallocated liabilities					25,448,456
Total liabilities					53,158,393
Other segment information:					
Impairment losses recognized in the statement of profit or loss	150,542	89,435	32,326	–	272,303
Depreciation and amortisation	805,019	805,821	2,016,190	–	3,627,030
Capital expenditure	846,730	901,645	4,484,289	–	6,232,664

Notes to Financial Statements

31 December 2013

4. Operating segment information (continued)

Year ended 31 December 2012	Rechargeable batteries and other products RMB'000	Mobile handset components and assembly service RMB'000	Automobiles and related products RMB'000	Corporate and others RMB'000	Total RMB'000
Segment revenue					
Sales to external customers	4,674,513	17,155,458	22,550,887	–	44,380,858
Intersegment sales	1,731,175	637,000	44,122	–	2,412,297
Others including other gross income from sales of raw materials and disposal of scrap materials	38,409	198,509	1,126,791	–	1,363,709
Taxes and surcharges	23,462	118,819	966,926	–	1,109,207
	6,467,559	18,109,786	24,688,726	–	49,266,071
Reconciliation:					
Elimination of intersegment sales					(2,412,297)
Elimination of other gross income					(1,363,709)
Elimination of taxes and surcharges					(1,109,207)
Revenue – sales to external customers					44,380,858
Segment results	(160,237)	438,136	1,057,723	–	1,335,622
Reconciliation:					
Elimination of intersegment results					(300,790)
Interest income					50,518
Dividend income and unallocated gains					650,843
Corporate and other unallocated expenses					(583,029)
Finance costs					(862,439)
Profit before tax					290,725
Segment assets	13,058,211	16,129,440	39,258,525	181	68,446,357
Reconciliation:					
Elimination of intersegment receivables					(1,613,054)
Elimination unrealised profit of intersegment sales					19,923
Corporate and other unallocated assets					3,154,581
Total assets					70,007,807

Notes to Financial Statements

31 December 2013

4. Operating segment information (continued)

Year ended 31 December 2012	Rechargeable batteries and other products RMB'000	Mobile handset components and assembly service RMB'000	Automobiles and related products RMB'000	Corporate and others RMB'000	Total RMB'000
Segment liabilities	3,127,240	5,059,404	19,605,524	167	27,792,335
Reconciliation:					
Elimination of intersegment payables					(1,613,054)
Corporate and other unallocated liabilities					19,684,155
Total liabilities					45,863,436
Other segment information:					
Impairment losses recognised in the statement of profit or loss	174,065	122,175	28,018	–	324,258
Depreciation and amortisation	899,397	874,232	1,585,700	–	3,359,329
Capital expenditure	1,801,731	1,510,529	4,474,026	–	7,786,286

* Capital expenditure consists of additions to other intangible assets, property, plant and equipment and prepaid land lease payments.

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4. Operating segment information (continued)

Geographical information

(a) Revenue from external customers

	2013 RMB'000	2012 RMB'000
China (including Hong Kong, Macau and Taiwan)	42,719,113	37,632,130
India	1,146,391	1,818,586
Europe	1,098,949	1,242,926
U.S.A	1,918,000	741,179
Others	2,885,434	2,946,037
	49,767,887	44,380,858

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2013 RMB'000	2012 RMB'000
China (including Hong Kong, Macau and Taiwan)	46,601,430	45,412,653
India	299,920	360,617
Hungary	53,911	40,800
Others	118,820	57,868
	47,074,081	45,871,938

The non-current asset information above is based on the locations of the assets and excludes goodwill, available-for-sale financial instruments and deferred tax assets.

Information about a major customer

Revenue of approximately RMB3,749,714,000 (2012: RMB4,824,912,000) was derived from sales made by the rechargeable batteries and other products segment and mobile handset components and assembly service segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

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5. 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 and the value of assembly services rendered.

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

	Group	
	2013 RMB'000	2012 RMB'000
Revenue		
Sale of goods	42,564,099	37,363,140
Assembly service income	7,203,788	7,017,718
	49,767,887	44,380,858
Other income and gains		
Bank interest income	70,124	50,518
Gross rental income	10,713	16,480
Gain on disposal of scrap and materials	224,528	182,332
Penalty from suppliers	41,723	74,185
Gain on sales of properties (i)	11,547	–
Available-for-sale investment (transfer from equity on disposal)	–	13,314
Others	97,564	86,503
	456,199	423,332

Note:

(i) The Group develops properties for sale to its employees. The gain on sales of properties related to the sales of properties with the property cost of RMB607,333,000 (note 23) and business tax of RMB37,026,000 to the employees during the year. The sales amount has been fully paid by the employees as at the year end.

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6. Profit before tax

The Group's profit before tax is arrived at after charging:

	Note	Group 2013 RMB'000	2012 RMB'000
Cost of inventories sold		36,361,103	32,304,223
Cost of services provided		6,780,097	6,732,987
Depreciation	15	3,209,045	3,019,857
Impairment of property, plant and equipment**	15	15,373	9,715
Impairment of other intangible assets**	18	–	30,151
Amortisation of other intangible assets other than development costs****	18	33,533	35,433
Research and development costs:			
Deferred expenditure amortised*	18	289,973	200,819
Current year expenditure		1,278,910	1,150,419
		1,568,883	1,351,238
Minimum lease payments under operating leases:			
Land and buildings		19,203	17,427
Plant and machinery		58,733	–
Auditors' remuneration		7,430	7,315
Employee benefit expense (including directors' and supervisors' remuneration (note 9)):			
Wages and salaries		7,927,315	6,718,811
Welfare		75,919	62,991
Pension scheme contributions		518,722	447,987
		8,521,956	7,229,789
Amortisation of land lease payments	16	94,479	103,220
Amortisation of assets related to the contractual operation contract		18,885	32,375
(Gain)/loss on disposal of items of non-current assets**		(1,213)	13,951
Foreign exchange differences, net**		175,366	31,275
Impairment of trade receivables	25	52,382	71,432
Impairment of other receivables	26	94,886	–
Impairment losses of trade receivables reversed	25	(711)	(4,360)
Impairment of inventories***		110,373	217,320
Product warranty provision	32	247,034	34,829

* The amortisation of deferred development costs for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

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

*** The impairment of inventories for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

**** The amortisation of other intangible assets other than development costs for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

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7. Government grants and subsidies

	Group 2013 RMB'000	2012 RMB'000
Related to assets		
Subsidies on research and development activities for automobile and related products (note (a))	35,168	62,010
Subsidies on industry development fund for Changsha Automobile Zone (note (b))	73,836	16,728
Others	36,519	39,754
Related to income		
Subsidies on research and development activities for automobiles and related products (notes (c), (d) and (e))	409,068	222,285
Subsidies on research activities	2,400	81,950
Subsidies on interest	5,619	26,352
Subsidies on tax refund	57,483	20,889
Others	57,028	80,419
	677,121	550,387

Notes:

(a) In 2008, BYD Automobile Industry Co., Ltd ("BYD Auto Industry"), a subsidiary of the Company, received government grants with an aggregate amount of RMB864,647,000 which were provided by the local government to support automotive research and development activities. The government grants did not specify any repayment terms or other conditions that are required to be met. For the year ended 31 December 2013, RMB35,168,000 was recognised as government grant income (2012: RMB62,010,000) upon amortization of the capitalized research and development costs.

(b) In 2010 and 2012, Changsha BYD Automobile Co., Ltd ("Changsha Auto"), a subsidiary of the Company, received government grants with an aggregate amount of RMB874,184,000 which were provided by Changsha Yuhua District Development Zone Committee (長沙雨花經濟開發區管理委員會) to support the industry development for Changsha Automobile Zone. For the year ended 31 December 2013, RMB73,836,000 was recognised as government grant income (2012: RMB16,728,000) upon depreciation of property, plant and equipment.

(c) Changsha Automobile, a subsidiary of the Company, received government grants from Changsha Yuhua District Development Zone Committee (長沙雨花經濟開發區管理委員會) to support automotive research and development activities. For the year ended 31 December 2013, RMB50,000,000 was recognised as government grants income (2012: RMB100,000,000).

(d) In 2013, BYD Automobile Co., Ltd ("BYD Auto"), a subsidiary of the Company, received government grants with an aggregate amount of RMB309,068,000 which were provided by the Xi'an High-tech Zone for the energy-saving vehicles produced by BYD Auto in a specified period (2012: RMB122,285,000).

(e) In 2013, the BYD Group received government grants with an aggregate amount of RMB100,000,000 which were provided by local government to support research and development activities for dual mode electric automobile model "Qin" ("秦"). For the year ended 31 December 2013, RMB50,000,000 was recognised as government grants income (2012: Nil).

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8. Finance costs

An analysis of finance costs is as follows:

	Group 2013 RMB'000	2012 RMB'000
Interest on bank and other borrowings		
Related to borrowings repayable within 5 years	1,177,585	1,022,471
Related to borrowings repayable over 5 years	5,996	74,339
Bank charges for discounted notes	122,421	176,940
	1,306,002	1,273,750
Less: Interest capitalised	(288,684)	(411,311)
	1,017,318	862,439

The average capitalisation rate for the year used to determine the amount of borrowing costs eligible for capitalisation was 5.70% (2012: 5.97%).

9. Directors' and supervisors' remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group 2013 RMB'000	2012 RMB'000
Fees	450	450
Other emoluments:		
Salaries, allowances and benefits in kind	6,125	4,955
Pension scheme contributions	70	40
	6,195	4,995
	6,645	5,445

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9. Directors' and supervisors' remuneration (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2013 RMB'000	2012 RMB'000
Ms. Li Dong	150	150
Mr. Wu Chang-qi	150	150
Mr. Li Lian-he	150	150
	450	450

There was no other emolument payable to the independent non-executive directors during the year (2012: Nil).

(b) Executive director, non-executive directors and the supervisors

2013	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive director:				
Mr. Wang Chuan-fu	–	3,618	22	3,640
Non-executive directors:				
Mr. Lu Xiang-yang	–	150	–	150
Mr. Xia Zuo-quan	–	150	–	150
Supervisors:				
Ms. Yan Chen	–	1,093	24	1,117
Ms. Wang Zhen	–	972	24	996
Mr. Dong Jun-qing	–	50	–	50
Mr. Li Yong-zhao	–	50	–	50
Mr. Zhang Hui-bin	–	42	–	42
	–	6,125	70	6,195

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2012: Nil).

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9. Directors' and supervisors' remuneration (continued)

(b) Executive director, non-executive directors and the supervisors (continued)

2012	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive director:				
Mr. Wang Chuan-fu	–	2,773	6	2,779
Non-executive directors:				
Mr. Lu Xiang-yang	–	150	–	150
Mr. Xia Zuo-quan	–	150	–	150
Supervisors:				
Ms. Yan Chen	–	950	17	967
Mr. Zhang Hui-bin	–	50	–	50
Mr. Li Yong-zhao	–	50	–	50
Ms. Wang Zhen	–	782	17	799
Mr. Dong Jun-qing	–	50	–	50
	–	4,955	40	4,995

10. Five highest paid employees

The five highest paid employees during the year included one director (2012: Nil). Details of the remuneration for the year of the remaining four (2012: five) non-director, highest paid employees are as follows:

	Group 2013 RMB'000	2012 RMB'000
Salaries, allowances and benefits in kind	18,195	16,798
Pension scheme contributions	62	59
	18,257	16,857

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2013	2012
RMB3,000,001 to RMB3,500,000	–	4
RMB3,500,001 to RMB4,500,000	1	1
RMB4,500,001 to RMB5,000,000	3	–
	4	5

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11. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

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 be gradually increased from the existing rate of 18% to the unified rate of 25% over a five-year transitional period.

Certain subsidiaries operating in Mainland China are approved to be high and new technology enterprises ("HNTE") and are entitled to enjoy a reduced enterprise income tax rate of 15% of the estimated assessable profits for the year. The HNTE certificates need to be renewed every three years so as to enable those subsidiaries to enjoy the reduced tax rate of 15%.

Certain subsidiaries operating in Mainland China are entitled to enjoy a reduced enterprise income tax rate of 15% of the estimated assessable profits for the year pursuant to the Western Development Policy. These subsidiaries need to file relevant document to the in-charge tax bureau for record every year so as to be entitled to the reduced rate of 15%.

	2013 RMB'000	2012 RMB'000
Group:		
Current – Hong Kong		
Charge for the year	2,337	2,307
Current – India		
Charge for the year	–	9,285
Current – Mainland China		
Charge for the year	167,454	265,887
Deferred (note 33)	(113,576)	(199,644)
Total tax charge for the year	56,215	77,835

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

Group	2013 RMB'000	2013 %	2012 RMB'000	2012 %
Profit before tax	832,081		290,725	
Tax at the statutory tax rate	208,021	25.0	72,684	25.0
Lower tax rate for specific provinces or enacted by local authority	(94,125)	(11.3)	(125,043)	(43.0)
Profits attributable to joint ventures and an associate	8,909	1.1	1,295	0.4
Expenses not deductible for tax	34,839	4.2	43,651	15.0
Tax losses and deductible temporary differences not recognised	41,395	5.0	223,818	77.0
Tax losses utilised from previous periods	(22,715)	(2.7)	(47,447)	(16.3)
Super-deduction of research and development costs	(120,109)	(14.4)	(91,123)	(31.3)
Tax charge at the Group's effective rate	56,215	6.8	77,835	26.8

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12. Dividend

	2013 RMB'000	2012 RMB'000
Proposed final – RMB0.05 (2012: Nil) per ordinary share	117,705	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. Profit attributable to owners of the parent

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a profit of RMB87,530,000 (2012: profit of RMB86,840,000) which has been dealt with in the financial statements of the Company (note 35(b)).

14. 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 of 2,354,100,000 (2012: 2,354,100,000) in issue during this year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

The calculation of basic earnings per share is based on:

	2013 RMB'000	2012 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	553,059	81,377

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation.	2,354,100,000	2,354,100,000

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15. Property, plant and equipment

Group	Freehold land and buildings* RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2013							
At 31 December 2012 and at 1 January 2013:							
Cost	10,130,644	22,054	23,616,875	156,007	3,549,552	7,882,866	45,357,998
Accumulated depreciation and impairment	(941,269)	(12,429)	(9,010,570)	(79,322)	(1,654,990)	–	(11,698,580)
Net carrying amount	9,189,375	9,625	14,606,305	76,685	1,894,562	7,882,866	33,659,418
At 1 January 2013, net of accumulated depreciation and impairment	9,189,375	9,625	14,606,305	76,685	1,894,562	7,882,866	33,659,418
Additions	80,553	–	1,583,670	30,159	360,024	1,976,333	4,030,739
Disposals	(483)	–	(244,939)	(2,784)	(4,599)	(4,450)	(257,255)
Impairment	–	–	(15,373)	–	–	–	(15,373)
Depreciation provided during the year	(276,871)	(450)	(2,309,808)	(25,049)	(596,867)	–	(3,209,045)
Transfers	829,830	–	2,811,889	69	199,178	(3,840,966)	–
Exchange realignment	(35,098)	–	(20,227)	(148)	(540)	(5,350)	(61,363)
At 31 December 2013, net of accumulated depreciation and impairment	9,787,306	9,175	16,411,517	78,932	1,851,758	6,008,433	34,147,121
At 31 December 2013:							
Cost	10,992,541	22,054	27,440,857	177,020	4,066,627	6,008,433	48,707,532
Accumulated depreciation and impairment	(1,205,235)	(12,879)	(11,029,340)	(98,088)	(2,214,869)	–	(14,560,411)
Net carrying amount	9,787,306	9,175	16,411,517	78,932	1,851,758	6,008,433	34,147,121

* The land situated in Hungary with a cost of HUF283,735,500, being equivalent to RMB7,944,000 (2012: equivalent to RMB7,008,000) is freehold and not depreciated; the land situated in Japan with a cost of JPY300,000,000 being equivalent to RMB14,845,000 (2012: equivalent to RMB18,715,000) is freehold and not depreciated; the land situated in the United States with a cost of USD1,033,000 being equivalent to RMB6,297,000 (2012: Nil) is freehold and not depreciated.

As at 31 December 2013, the Group was still in the process of obtaining the property ownership certificates for certain buildings with a net carrying amount of RMB2,736,505,000 (2012: RMB2,881,050,000). In the opinion of the directors, there is no major barrier for the Group to obtain the property ownership certificates.

At 31 December 2013, certain items of the Group's machinery with a net carrying amount of approximately RMB380,325,000 (2012: RMB327,527,000) were pledged to secure general banking facilities granted to the Group; and certain items of the Group's construction in progress with a net carrying amount of approximately RMB258,833,000 (2012: RMB258,833,000) were pledged to secure general banking facilities granted to the Group (note 31a).

An impairment provision of RMB15,373,000 was made to certain equipment located in Hungary related to the reporting segment of mobile handset components and assembly service in the year ended 31 December 2013 due to performance of the specific assets not meeting the expectation. The recoverable amount of the equipment based on replacement cost is determined to be Nil because all the equipment is specially designed and not able to be converted to alternative use without significant additional cost.

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15. Property, plant and equipment (continued)

Group	Freehold land and buildings* RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2012							
At 31 December 2011 and at 1 January 2012:							
Cost	7,718,238	19,271	19,732,024	141,635	2,969,497	9,190,558	39,771,223
Accumulated depreciation and impairment	(727,487)	(9,057)	(7,079,690)	(66,540)	(1,165,066)	–	(9,047,840)
Net carrying amount	6,990,751	10,214	12,652,334	75,095	1,804,431	9,190,558	30,723,383
At 1 January 2012, net of accumulated depreciation and impairment	6,990,751	10,214	12,652,334	75,095	1,804,431	9,190,558	30,723,383
Additions	16,909	2,783	1,162,613	27,612	259,445	4,662,432	6,131,794
Disposals	(11,730)	–	(121,026)	(3,762)	(5,130)	(6,553)	(148,201)
Impairment	–	–	(9,715)	–	–	–	(9,715)
Depreciation provided during the year	(214,940)	(3,372)	(2,249,090)	(22,406)	(530,049)	–	(3,019,857)
Transfers	2,417,170	–	3,179,806	129	366,192	(5,963,297)	–
Exchange realignment	(8,785)	–	(8,617)	17	(327)	(274)	(17,986)
At 31 December 2012, net of accumulated depreciation and impairment	9,189,375	9,625	14,606,305	76,685	1,894,562	7,882,866	33,659,418
At 31 December 2012:							
Cost	10,130,644	22,054	23,616,875	156,007	3,549,552	7,882,866	45,357,998
Accumulated depreciation and impairment	(941,269)	(12,429)	(9,010,570)	(79,322)	(1,654,990)	–	(11,698,580)
Net carrying amount	9,189,375	9,625	14,606,305	76,685	1,894,562	7,882,866	33,659,418

Notes to Financial Statements

31 December 2013

15. Property, plant and equipment (continued)

Company	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2013						
At 31 December 2012 and at 1 January 2013:						
Cost	1,183,101	1,148,402	11,052	176,347	57,454	2,576,356
Accumulated depreciation and impairment	(199,457)	(815,715)	(10,020)	(118,678)	–	(1,143,870)
Net carrying amount	983,644	332,687	1,032	57,669	57,454	1,432,486
At 1 January 2013, net of accumulated depreciation and impairment	983,644	332,687	1,032	57,669	57,454	1,432,486
Additions	34,171	11,477	1,835	3,808	10,520	61,811
Disposals	–	(1,941)	(22)	(208)	(12,014)	(14,185)
Depreciation provided during the year	(30,455)	(92,638)	9	(20,792)	–	(143,876)
Transfers	24,271	3,771	30	3,049	(31,121)	–
At 31 December 2013, net of accumulated depreciation	1,011,631	253,356	2,884	43,526	24,839	1,336,236
At 31 December 2013:						
Cost	1,241,543	1,136,680	12,527	178,459	24,839	2,594,048
Accumulated depreciation and impairment	(229,912)	(883,324)	(9,643)	(134,933)	–	(1,257,812)
Net carrying amount	1,011,631	253,356	2,884	43,526	24,839	1,336,236

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15. Property, plant and equipment (continued)

Company	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2012						
At 31 December 2011 and at 1 January 2012:						
Cost	1,172,565	1,080,816	11,107	169,187	105,120	2,538,795
Accumulated depreciation and impairment	(171,695)	(731,144)	(9,337)	(102,244)	–	(1,014,420)
Net carrying amount	1,000,870	349,672	1,770	66,943	105,120	1,524,375
At 1 January 2012, net of accumulated depreciation and impairment	1,000,870	349,672	1,770	66,943	105,120	1,524,375
Additions	3,217	34,306	756	12,333	15,581	66,193
Disposals	–	(3,138)	(73)	(426)	(720)	(4,357)
Depreciation provided during the year	(28,197)	(100,965)	(1,448)	(23,115)	–	(153,725)
Transfers	7,754	52,812	27	1,934	(62,527)	–
At 31 December 2012, net of accumulated depreciation	983,644	332,687	1,032	57,669	57,454	1,432,486
At 31 December 2012:						
Cost	1,183,101	1,148,402	11,052	176,347	57,454	2,576,356
Accumulated depreciation and impairment	(199,457)	(815,715)	(10,020)	(118,678)	–	(1,143,870)
Net carrying amount	983,644	332,687	1,032	57,669	57,454	1,432,486

Notes to Financial Statements

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16. Prepaid land lease payments

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	4,408,043	4,306,363	26,935	27,617
Additions	433,225	206,417	–	–
Disposal	(13,745)	–	–	–
Recognised during the year	(94,479)	(103,220)	(682)	(682)
Exchange realignment	(3,845)	(1,517)	–	–
Carrying amount at 31 December	4,729,199	4,408,043	26,253	26,935
Current portion included in prepayments, deposits and other receivables	(100,904)	(94,827)	(689)	(689)
Non-current portion	4,628,295	4,313,216	25,564	26,246

The leasehold lands held under medium term leases and a long term lease with amounts of RMB4,605,025,000 and RMB23,270,000 are situated in Mainland China and India, respectively.

As at 31 December 2013, the Group was still in the process of obtaining the land use right certificates for certain leasehold lands with a carrying amount of RMB61,959,000 (2012: RMB63,273,000). In the opinion of the directors, there is no major barrier for the Group to obtain the land use right certificates.

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17. Goodwill

Group

	RMB'000
At 1 January 2012:	
Cost	75,585
Accumulated impairment	(9,671)
Net carrying amount	65,914
Cost at 1 January 2012, net of accumulated impairment	65,914
Impairment during the year	–
Cost and net carrying amount at 31 December 2012	65,914
At 31 December 2012:	
Cost	75,585
Accumulated impairment	(9,671)
Net carrying amount	65,914
Cost at 1 January 2013, net of accumulated impairment	65,914
Impairment during the year	–
Cost and net carrying amount at 31 December 2013	65,914
At 31 December 2013:	
Cost	75,585
Accumulated impairment	(9,671)
Net carrying amount	65,914

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the automobile and related products cash-generating unit, which is a reportable segment, for impairment testing:

The recoverable amount of the automobile and related products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 13% (2012: 13%). The growth rate used to extrapolate the cash flows of the automobile and related products unit beyond the five-year period is 3% (2012: 3%) which is less than the long term average growth rate of the automobile industry.

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17. Goodwill (continued)

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	Automobiles and related products	
	2013 RMB'000	2012 RMB'000
Carrying amount of goodwill	65,914	65,914

Assumptions were used in the value in use calculation of the automobiles and related products cash-generating units for 31 December 2013 and 31 December 2012. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Raw materials price inflation – The basis used to determine the value assigned to raw materials price inflation is the forecast price index during the budget year.

The values assigned to key assumptions are consistent with external information sources.

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18. Other intangible assets

Group	Development costs RMB'000	Industrial proprietary rights RMB'000	Know-how RMB'000	Software RMB'000	Total RMB'000
31 December 2013					
Cost at 1 January 2013, net of accumulated amortisation and impairment	3,529,221	15,921	1,193	57,119	3,603,454
Additions – internal development	1,593,570	–	–	–	1,593,570
Additions – acquired	–	170	–	55,823	55,993
Disposal	–	–	–	–	–
Amortisation provided during the year	(289,973)	(4,098)	(187)	(29,248)	(323,506)
Exchange realignment	–	–	–	(244)	(244)
At 31 December 2013	4,832,818	11,993	1,006	83,450	4,929,267
At 31 December 2013:					
Cost	5,812,756	67,900	6,053	263,525	6,150,234
Accumulated amortisation and impairment	(979,938)	(55,907)	(5,047)	(180,075)	(1,220,967)
Net carrying amount at 31 December 2013	4,832,818	11,993	1,006	83,450	4,929,267
31 December 2012					
Cost at 1 January 2012, net of accumulated amortisation and impairment	2,334,587	15,064	1,889	63,551	2,415,091
Additions – internal development	1,425,604	–	–	–	1,425,604
Additions – acquired	–	6,592	–	22,759	29,351
Amortisation provided during the year	(200,819)	(5,735)	(696)	(29,002)	(236,252)
Impairment during the year*	(30,151)	–	–	–	(30,151)
Exchange realignment	–	–	–	(189)	(189)
At 31 December 2012	3,529,221	15,921	1,193	57,119	3,603,454
At 31 December 2012:					
Cost	4,227,224	67,730	6,052	209,158	4,510,164
Accumulated amortisation and impairment	(698,003)	(51,809)	(4,859)	(152,039)	(906,710)
Net carrying amount at 31 December 2012	3,529,221	15,921	1,193	57,119	3,603,454

* An impairment provision of RMB30,151,000 was made to development costs related to the reporting segment of automobiles and related products in the year ended 31 December 2012. The recoverable amount of the development costs in relation to particular projects based on their value in use calculation is determined to be nil as the development of the effected projects has been terminated during the year.

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18. Other intangible assets (continued)

Deferred development costs are stated at cost less any impairment losses. The development costs are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, except for those of new energy vehicles which are amortised using the unit of production method, commencing from the date when the products are put into commercial production.

Company	Industrial proprietary rights RMB'000	Know-how RMB'000	Software RMB'000	Total RMB'000
31 December 2013				
Cost at 1 January 2013, net of accumulated amortisation	3,174	1,193	29,568	33,935
Additions – acquired	–	–	40,199	40,199
Amortisation provided during the year	(581)	(187)	(17,059)	(17,827)
At 31 December 2013	2,593	1,006	52,708	56,307
At 31 December 2013:				
Cost	17,579	6,053	141,539	165,171
Accumulated amortisation	(14,986)	(5,047)	(88,831)	(108,864)
Net carrying amount at 31 December 2013	2,593	1,006	52,708	56,307
31 December 2012				
Cost at 1 January 2012, net of accumulated amortisation	3,174	1,889	32,080	37,143
Additions – acquired	–	–	13,435	13,435
Amortisation provided during the year	–	(696)	(15,947)	(16,643)
At 31 December 2012	3,174	1,193	29,568	33,935
At 31 December 2012:				
Cost	17,579	6,052	101,340	124,971
Accumulated amortisation	(14,405)	(4,859)	(71,772)	(91,036)
Net carrying amount at 31 December 2012	3,174	1,193	29,568	33,935

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19. Investments in subsidiaries

	Company 2013 RMB'000	2012 RMB'000
Unlisted investments, at cost	6,458,944	6,473,944

At the end of the reporting period, except for the amounts of approximately RMB1,180,500,000 of loans to subsidiaries which are unsecured, bear interest at a rate of 4.20% to 6.00% per annum and are payable within one year, all amounts due from/to subsidiaries in the Company's current assets and current liabilities are unsecured, interest-free, and are repayable on demand or within one year.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
BYD Lithium Batteries Co., Ltd. ("BYD Li-ion")***	PRC/Mainland China	RMB160,000,000	100%	–	Research, development, sale and manufacture of Li-ion batteries
Shanghai BYD Company Limited ("BYD SH")***	PRC/Mainland China	US$63,500,000	74.99%	25.01%	Research, development, sale and manufacture of Li-ion batteries
BYD Automobile Company Limited ("BYD XiAn QC")***	PRC/Mainland China	RMB1,351,010,101	99%	–	Research, development, sale and manufacture of automobiles
BYD Precision Manufacture Company Limited ("BYD Precision")***^	PRC/Mainland China	US$145,000,000	–	65.76%	Manufacture, assembly and sale of mobile handset components and modules
BYD Microelectronics Co., Limited ("BYD Microelectronics")***	PRC/Mainland China	US$40,000,000	17.5%	82.5%	Design, production and sale of integrated circuits
BYD Industry and Commerce Co., Limited, Huizhou ("BYD HZ")***	PRC/Mainland China	US$150,000,000	34%	66%	Research, development, manufacture and sale of components of mobile handsets and other consumer electronics; Development, sale and leasing of residential properties and property management (provided only to employees of the Company);
Huizhou BYD Battery Company Limited ("BYD HZ Battery")***	PRC/Mainland China	US$150,000,000	10%	90%	Research, development, sale and manufacture of Li-ion batteries and accessories

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19. Investments in subsidiaries (continued)

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BYD Auto Industry Co., Ltd ("BYD Auto Industry")***	PRC/Mainland China	US$448,000,000	73.05%	26.95%	Research and development of automobiles
BYD Electronic (International) Company Limited ("BYD Int'l")*	Hong Kong	HK$440,000,000	–	65.76%	Investment holding
BYD (Huizhou) Electronic Company Limited ("BYD Huizhou Electronic")***^	PRC/Mainland China	US$110,000,000	–	65.76%	High-level assembly
BYD Auto Sales Company Limited ("BYD Auto Sales")**	PRC/Mainland China	RMB1,050,000,000	4.28%	94.77%	Sale and distribution of automobiles; provision of related after sales services
Changsha BYD Auto Company Limited ("Changsha Auto")**	PRC/Mainland China	RMB1,000,000,000	–	100%	Research and development of auto mobiles and components
Shangluo BYD Industry Company Limited ("Shangluo BYD")***	PRC/Mainland China	RMB1,100,000,000	91%	9%	Research, development, manufacture and sale of solar batteries and solar arrays

* BYD Int'l is a subsidiary with its shares listed on the Hong Kong Stock Exchange.

** These subsidiaries are registered as limited companies under PRC law.

*** These subsidiaries are registered as Sino-foreign joint ventures under PRC law.

^ These subsidiaries were wholly owned by BYD Int'l, one of the Company's subsidiaries.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2013	2012
BYD Int'l	34.24%	34.24%

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19. Investments in subsidiaries (continued)

	2013 RMB'000	2012 RMB'000
Profit for the year allocated to non-controlling interests:		
BYD Int'l	222,014	129,751
Accumulated balances of non-controlling interests at the reporting dates:		
BYD Int'l	3,063,513	2,865,016

The following tables illustrate the summarised consolidated financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2013 RMB'000	2012 RMB'000
BYD Int'l		
Revenue	16,062,179	14,090,909
Total expenses	(15,413,774)	(13,711,963)
Profit for the year	648,405	378,946
Total comprehensive income for the year	579,722	383,446
Current assets	8,789,982	7,179,922
Non-current assets	5,086,623	4,708,874
Current liabilities	5,042,464	3,634,378
Non-current liabilities	–	–
Net cash flows from operating activities	1,647,101	743,701
Net cash flows used in investing activities	(1,365,506)	(636,371)
Net cash flows used in financing activities	(7,248)	(123,081)
Net increase/(decrease) in cash and cash equivalents	274,347	(15,751)

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20. Investments in joint ventures

	Group 2013 RMB'000	2012 RMB'000
Share of net assets	809,388	662,849

The Group's trade receivable balances due from and due to the joint ventures are disclosed in note 39(c) to the financial statements.

Particulars of the Group's joint ventures are as follows:

Name	Particulars of registered capital held	Place of registration and business	Ownership interest	Percentage of Voting power	Profit sharing	Principal activities
Shenzhen Pengcheng Electric Car Rental Company Limited ("Shenzhen Pengcheng")	RMB20,000,000	PRC/Mainland China	45%	40%	45%	Taxi business, advertising and rental of electric vehicles
Shenzhen BYD Daimler New Technology Co., Ltd. ("BDNT")	RMB2,360,000,000	PRC/Mainland China	50%	50%	50%	Research and development of automobiles
Tianjin BYD Auto Company Limited ("Tianjin BYD")	RMB100,000,000	PRC/Mainland China	50%	50%	50%	Assemly and sale of automobiles and coaches
Nanjing Jiangnan Electric Car Rental Company Limited ("Nanjing Jiangnan")	RMB20,000,000	PRC/Mainland China	60%	60%	60%	Taxi business and rental of electric vehicles

All of the above investments are held by BYD Auto Industry, which is 100% indirectly held by the Company.

BDNT, which is considered a material joint venture of the Group, is a strategic partner of the Group primarily engaged in research and development of automobile products and is accounted for using the equity method.

Notes to Financial Statements

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20. Investments in joint ventures (continued)

The following table illustrates the summarised financial information of BDNT and reconciled to the carrying amount in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Cash and cash equivalents	634,045	777,890
Other current assets	419,102	279,834
Current assets	1,053,147	1,057,724
Non-current assets	1,324,015	560,323
Financial liabilities, excluding trade and other payables	–	–
Other current liabilities	769,708	232,861
Current liabilities	769,708	232,861
Non-current financial liabilities, excluding trade and other payables	–	–
Non-current liabilities	–	–
Net assets	1,607,454	1,385,186
Reconciliation to the Group's interest in the joint ventures:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture	803,727	692,593
Unrealized gain arising from transaction with the Group	(47,684)	(33,297)
Carrying amount of the investment	756,043	659,296
Revenue	–	–
Interest income	7,253	3,029
Depreciation and amortisation	1,352	385
Interest expenses	–	–
Tax	25,786	27,599
Loss and total comprehensive income for the year	(77,732)	(82,464)

The following table illustrates the summarised aggregate financial information of the Group's joint ventures that are not individually material:

	2013 RMB'000	2012 RMB'000
Share of joint venture's profit for the year	(7,008)	(1,399)
Share of joint venture's total comprehensive income	(7,008)	(1,399)
Aggregate carrying amount of the Group's investments in the joint ventures	53,345	3,553

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21. Investment in an associate

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	–	–	291,825	291,825
Shares of net assets	142,879	154,978	–	–
Goodwill on acquisition	131,238	131,238	–	–
	274,117	286,216	291,825	291,825

Particulars of the associate are as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Tibet Xigaze Zabuye Lithium Hi-Tech Co., Ltd ("Zabuye Lithium")*	RMB930,000,000	PRC/Mainland China	18%	Research, development, sale and manufacture of lithium-boron series products

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

According to Zabuye Lithium's Articles of Association, 2 out of 11 directors are appointed by the Company representing significant influence over Zabuye Lithium. The investment in Zabuye Lithium is classified as an investment in an associate.

The Group's shareholdings in the associates all comprise equity shares directly held by the Company.

Zabuye Lithium, which is considered a material associate of the Group, is a strategic investment of the Group and is accounted for using the equity method in consolidated financial statements.

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21. Investment in an associate (continued)

The following table illustrates the summarised financial information of Zabuye Lithium reconciled to the carrying amount in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Current assets	412,301	463,905
Non-current assets	413,801	451,006
Current liabilities	25,513	44,962
Non-current liabilities	6,819	8,961
Net assets	793,770	860,988
Net assets, excluding goodwill		
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	18%	18%
Group's share of net assets of the associate, excluding goodwill	142,879	154,978
Goodwill on acquisition	131,238	131,238
Carrying amount of the investment	274,117	286,216
Revenues	103,427	89,587
Profit/(Loss) for the year	(67,218)	1,143
Other comprehensive income for the year	–	–
Total comprehensive income for the year	(67,218)	1,143

22. Available-for-sale investments

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Listed equity investments, at fair value:				
China Mainland	4,487	2,985	4,487	2,985
Unlisted equity investments, at cost:	5,000	-	5,000	-
	9,487	2,985	9,487	2,985

As at 31 December 2013, certain unlisted equity investments with a carrying amount of RMB5,000,000 (2012: Nil) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB1,502,000 (2012: RMB1,107,000), of which Nil (2012: RMB13,314,000) was reclassified from other comprehensive income to the statement of profit or loss for the year.

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

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23. Property under development and completed property held for sale

	Group 2013 RMB'000	2012 RMB'000
Land in Mainland China held under medium term leases, at cost:		
At the beginning of year	798,990	798,990
Transfer to completed properties held for sale	(115,966)	–
At 31 December	683,024	798,990
Development expenditure, at cost:		
At the beginning of year	973,548	371,849
Additions	46,426	601,699
Transfer to completed properties held for sale	(915,594)	–
At 31 December	104,380	973,548
	787,404	1,772,538
Properties under development expected to be recovered:		
After more than one year	787,404	1,772,538
Completed Property held for sale, at cost:		
At the beginning of year	–	–
Additions	1,162,873	–
Recognise into statement of profit and loss (note 5)	(607,333)	–
At 31 December	555,540	–

24. Inventories

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Raw materials	2,172,721	2,185,733	120,883	92,162
Work in progress	3,345,397	2,573,027	193,260	166,330
Finished goods	2,280,419	2,163,783	92,867	206,831
Moulds held for production	422,015	422,290	12,216	18,303
	8,220,552	7,344,833	419,226	483,626

At 31 December 2013, the Group's inventories with a carrying amount of RMB242,330,000 (2012: RMB215,254,000) were pledged as security for the Group's bank loans, as further detailed in note 31(a) to the financial statements.

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25. Trade and bills receivables

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Trade receivables	7,936,288	6,548,904	1,049,412	870,995
Bills receivable	5,587,754	3,731,462	112,385	233,450
Impairment	(389,035)	(342,885)	(87,357)	(89,800)
	13,135,007	9,937,481	1,074,440	1,014,645

For sales under the automobiles and related products segment, payment in advance, mainly in the form of bank bills, is normally required. For sales under other segments, 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 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 end of the reporting period, the Group had certain concentrations of credit risk as 8% (2012: 14%) and 33% (2012: 45%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Within three months	10,361,380	8,441,197	1,022,378	900,703
Four to six months	1,851,722	1,052,399	44,926	110,104
Seven months to one year	364,240	66,965	3,391	176
Over one year	557,665	376,920	3,745	3,662
	13,135,007	9,937,481	1,074,440	1,014,645

At 31 December 2013, there were no bills receivable pledged to secure the Group's bank loans (2012: Nil), as further detailed in note 31(a) to the financial statements.

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

	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
At 1 January	342,885	284,826	89,800	94,557
Impairment losses recognized (note 6)	52,382	71,432	1,661	–
Impairment losses reversed (note 6)	(711)	(4,360)	–	(636)
Written off as uncollectible	(5,809)	(9,061)	(4,104)	(4,121)
Exchange realignments	288	48	–	–
At 31 December	389,035	342,885	87,357	89,800

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25. Trade and bills receivables (continued)

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB319,819,000 (2012: RMB274,130,000) with a carrying amount before provision of RMB465,807,000 (2012: RMB414,233,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interest and/or principal payments and only a portion of the receivables is expected to be recovered.

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

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Neither past due nor impaired	11,440,830	8,231,291	973,052	879,581
Less than one year past due	1,402,823	1,478,662	89,859	131,936
One to two year past due	40,440	–	–	–
	12,884,092	9,709,953	1,062,911	1,011,517

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.

26. Prepayments, deposits and other receivables

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Non-current portion				
Prepayment for property, plant and equipment	1,463,810	1,396,371	12,784	9,568
Prepayments for land use rights	–	111,961	–	–
	1,463,810	1,508,332	12,784	9,568
Current portion				
Deposits and other receivables	2,027,656	1,561,402	47,952	33,750
Impairment	(94,886)	–	–	–
	1,932,770	1,561,402	47,952	33,750
Prepayments	427,331	622,801	54,046	8,551
Loans to staff	65,616	42,019	3,250	1,989
	2,425,717	2,226,222	105,248	44,290

None of the financial assets included in the above balances is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

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27. Cash and cash equivalents, restricted bank deposits and short term deposits

	Notes	Group 2013 RMB'000	Group 2012 RMB'000	Company 2013 RMB'000	Company 2012 RMB'000
Cash and bank balances		4,777,375	2,337,342	322,718	120,928
Time deposits		601,453	1,346,624	–	–
		5,378,828	3,683,966	322,718	120,928
Less: Restricted bank deposits:					
Short term deposits	(iii)	(200,000)	–	–	–
Pledged deposits	(i)	(667,886)	(197,405)	(170,290)	–
Cash and cash equivalents	(ii)	4,510,942	3,486,561	152,428	120,928

Notes:

(i) At 31 December 2013, the pledged bank deposit of RMB667,886,000 (2012: RMB197,405,000) was pledged for banking facilities of RMB407,204,000 (2012: RMB192,831,000) and various projects as required of RMB260,682,000 (2012: RMB4,574,000).

(ii) At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to RMB3,730,259,000 (2012: RMB2,955,930,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(iii) The effective interest rate for the short term deposits of the Group with an initial term of six months for the year ended 31 December 2013 was 3.05% (2012: Nil). The carrying value of the short term deposits with an initial term of six months approximated their fair value as at 31 December 2013. Short term deposits with an initial term of six months were denominated in RMB and were neither past due nor impaired.

(iv) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

28. Trade and bills payables

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group 2013 RMB'000	Group 2012 RMB'000 (Reclassified)	Company 2013 RMB'000	Company 2012 RMB'000 (Reclassified)
Within three months	15,993,449	14,588,492	884,683	703,023
Three to six months	5,915,036	4,980,231	267,900	273,818
Six months to one year	96,230	118,703	857	1,905
One to two years	80,970	191,117	2,973	592
Two to three years	164,485	25,930	192	861
Over three years	42,566	28,051	2,007	1,721
	22,292,736	19,932,524	1,158,612	981,920

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

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28. Trade and bills payables (continued)

Included in the Group's trade and bill payables are amounts due to Xi'an Northern Qinchuan Company LTD ("Northern Qinchuan"), the director of which is a supervisor of the Company, of RMB13,000 (2012: RMB44,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

29. Other payables

	Group		Company	
	2013 RMB'000	2012 RMB'000 (Reclassified)	2013 RMB'000	2012 RMB'000 (Reclassified)
Other payables	1,656,811	1,666,728	240,233	214,633
Accrued payroll	1,285,337	1,293,717	118,081	92,881
	2,942,148	2,960,445	358,314	307,514

Other payables are non-interest-bearing and have an average term of three months.

30. Deferred income

	Group	
	2013 RMB'000	2012 RMB'000
At 1 January	1,410,968	1,287,268
Received during the year	148,263	516,218
Repayment during the year	–	(252,910)
Released to the statement of profit or loss	(201,227)	(139,608)
At 31 December	1,358,004	1,410,968
Less: Portion classified as current liabilities	(199,439)	(117,350)
Non-current portion	1,158,565	1,293,618

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31. Interest-bearing bank and other borrowings

Group	2013			2012		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – Secured	3.90-6.60	2014	8,143,010	3.47-7.54	2013	4,575,452
Bank loans – Unsecured	5.32-6.46	2014	4,258,493	3.69-7.87	2013	3,842,303
Current portion of long term bank loans – Secured	3.25-6.55	2014	1,398,603	4.76-7.38	2013	1,267,500
Current portion of long term bank loans – Unsecured	3.67-6.65	2014	1,374,112	3.57-6.15	2013	1,602,524
			15,174,218			11,287,779
Corporate bonds - Unsecured	4.50	(d)	997,943	–	–	–
			16,172,161			11,287,779
Non-current						
Bank loans – Secured	3.25-6.55	2028	566,577	4.50-7.05	2018	1,588,888
	–	–	–	LIBOR+400bps	2018	80,674
Bank loans – Unsecured	4.20-6.65	2018	1,814,000	3.67-7.38	2018	760,688
	LIBOR+310bps	2016	304,845	LIBOR+320bps	2014	942,825
			2,685,422			3,373,075
Corporate bonds – Unsecured	5.25-6.35	(e) & (f)	5,966,837	4.50-5.25	(d) & (e)	3,968,269
			8,652,259			7,341,344
			24,824,420			18,629,123

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31. Interest-bearing and other bank borrowings (continued)

Company	2013			2012		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – Secured	3.84	2014	12,194	1.51-2.74	2013	113,430
Bank loans – Unsecured	5.75-6.46	2014	4,208,493	5.49-7.87	2013	3,612,565
Current portion of long term bank loans – Unsecured	3.67-6.65	2014	1,372,113	3.58-5.89	2013	1,321,413
			5,592,800			5,047,408
Non-current						
Bank loans – Unsecured	3.34-6.65	2018	1,954,845	5.76-6.12	2018	1,563,513
Corporate bonds – Unsecured	5.25-6.35	(e) & (f)	5,966,837	5.25	(e)	2,972,217
			7,921,682			4,535,730
			13,514,482			9,583,138

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	15,174,218	11,287,779	5,592,800	5,047,408
In the second year	1,359,260	2,505,848	1,037,500	963,513
In the third to fifth years, inclusive	1,288,925	697,060	917,345	450,000
After five years	37,237	170,167	–	150,000
	17,859,640	14,660,854	7,547,645	6,610,921
Corporate bonds				
Within one year (d)	997,943	–	–	–
In the second year (d)	–	996,052	–	–
In the third to fifth years (e), (f)	5,966,837	2,972,217	5,966,837	2,972,217
	6,964,780	3,968,269	5,966,837	2,972,217
	24,824,420	18,629,123	13,514,482	9,583,138

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31. Interest-bearing bank and other borrowings (continued)

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's plant and machineries, which had an aggregate carrying value at the end of the reporting period of approximately RMB380,325,000 (2012: RMB327,527,000) (note 15);

(ii) mortgages over certain of the Group's construction in progress, which had an aggregate carrying value at the end of the reporting period of approximately RMB258,833,000 (2012: RMB258,833,000) (note 15); and

(iii) floating charges over certain of the Group's inventory bills totalling RMB242,330,000 (2012: RMB215,254,000) (note 24)

In addition, the Company has guaranteed certain of the Group's bank loans of up to RMB9,755,100,000 (2012: RMB7,297,260,000) as at the end of the reporting period.

(b) The carrying amounts of the Group's and the Company's bank borrowings approximate to their fair values.

(c) Except for bank loans of RMB4,591,119,000 (2012: RMB1,610,483,000) which are denominated in United States dollars, all borrowings are in RMB.

(d) On 19 April 2011, BYD HK issued RMB denominated 1,000,000,000 corporate bonds. The bonds are denominated in RMB, have a maturity of three years due in 2014, and bear a fixed interest rate of 4.5% per annum from and including 28 April 2011 payable semi-annually in arrears on or nearest to 28 April and 28 October in each year.

(e) On 19 June 2012, the company issued RMB denominated 3,000,000,000 corporate bonds. The bonds have a maturity of five years due in 2017, and bear a fixed interest rate of 5.25% per annum from and including 19 June 2012 payable annually. Investors have the right to sellback all or part of their bonds at par value to the Company on the 3rd interest payment date, or release the investor sell-back option The bonds were listed on the Shenzhen Stock Exchange on 16 July 2012. In addition, the issuer has the right to increase the coupon rate of the current period bonds for the following two years at the end of the third year of the current period bond duration, the adjustment will be in the range of 0-100 basis points (both numbers inclusive), and one basis point is equal to 0.01%.

(f) On 23 September 2013, the company issued RMB denominated 3,000,000,000 corporate bonds. The bonds have a maturity of five years due in 2018, and bear a fixed interest rate of 6.35% per annum from and including 23 September 2013 payable annually. Investors have the right to sellback all or part of their bonds at par value to the Company on the 3rd interest payment date, or release the investor sell-back option The bonds were listed on the Shenzhen Stock Exchange on 15 November 2013. In addition, the issuer has the right to increase the coupon rate of the current period bonds for the following two years at the end of the third year of the current period bond duration, the adjustment will be in the range of 0-100 basis points (both numbers inclusive), and one basis point is equal to 0.01%.

32. Provision

Group	Product warranties	
	2013	2012
	RMB'000	RMB'000
At 1 January	227,897	338,565
Additional provision	247,034	34,829
Amounts utilised during the year	(175,579)	(145,497)
At 31 December	299,352	227,897

The Group provides warranties on automobiles and the undertaking to repair or replace items that fail to perform satisfactorily. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

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33. Deferred tax

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

Group	Depreciation in excess of depreciation allowance RMB'000	Impairment of inventories RMB'000	Government grants RMB'000	Unrealised profits from intercompany transactions RMB'000	Accruals and provision for warranties RMB'000	Tax losses RMB'000	Unpaid Payable not reserved RMB'000	Total RMB'000
At 1 January 2013	253,074	35,436	180,815	13,584	242,217	45,411	15,586	786,123
Deferred tax credited/(debited) to the statement of profit or loss during the year (note 11)	82,916	2,949	(1,440)	2,113	2,100	28,964	(4,026)	113,576
At 31 December 2013	335,990	38,385	179,375	15,697	244,317	74,375	11,560	899,699
At 1 January 2012	159,633	32,786	137,886	24,107	133,117	98,950	–	586,479
Deferred tax credited/(debited) to the statement of profit or loss during the year (note 11)	93,441	2,650	42,929	(10,523)	109,100	(53,539)	15,586	199,644
At 31 December 2012	253,074	35,436	180,815	13,584	242,217	45,411	15,586	786,123

The Group has tax losses arising in Mainland China of RMB462,589,000 (2012: RMB302,743,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. The Group has accumulated tax losses arising in Mainland China of RMB1,513,097,000 (2012: RMB1,178,488,000) that will expire in one to five years for offsetting against future taxable profits. The Group has a tax loss of RMB32,645,000 arising from other jurisdictions that will expire in one to eight years for offsetting against future taxable profits (2012: Nil).

Company	Depreciation in excess of depreciation allowance RMB'000	Impairment of inventories RMB'000	Accruals and provision for warranties RMB'000	Undeducted payable RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2013	29,559	1,942	8,521	2,227	–	42,249
Deferred tax credited/(debit) to the statement of profit or loss during the year	18,661	59	6,676	(969)	12,466	36,893
At 31 December 2013	48,220	2,001	15,197	1,258	12,466	79,142

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33. Deferred tax (continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	1,545,742	1,178,488	–	–
Deductible temporary differences	1,425,227	1,522,731	87,357	89,800
	2,970,969	2,701,219	87,357	89,800

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2013, no provision has been made to recognise deferred tax liabilities arising on the future distribution of retained profits from these subsidiaries as the Company controls the dividend policy of these subsidiaries and in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB5,512,494,000 at 31 December 2013 (2012: RMB4,474,754,000).

34. Share capital

Shares	2013	2012
	RMB'000	RMB'000
Authorised, issued and fully paid:		
2,354,100,000 (2012: 2,354,100,000) ordinary shares of RMB1 each	2,354,100	2,354,100

Notes to Financial Statements

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35. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 43 of the financial statements.

Pursuant to the relevant laws and regulations for business enterprises, a portion of the profits of the Group's entities which are registered in the PRC has been transferred to the statutory surplus reserve fund which is restricted as to use. When the balance of such reserve fund reaches 50% of the Group's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior year's losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at least 25% of capital after such usage.

(b) Company

	Notes	Share premium account RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2012		2,643,425	(216,937)	483,100	2,165,936	5,075,524
Total comprehensive income for the year	13	–	(5,485)	–	86,840	81,355
Appropriate to statutory surplus reserve fund		–	–	8,705	(8,705)	–
At 31 December 2012		2,643,425	(222,422)	491,805	2,244,071	5,156,879
Profit for the year	13	–	–	–	87,530	87,530
Other comprehensive income for the year:						
Change in fair value of available-for-sale investments, net of tax		–	1,502	–	–	1,502
Total comprehensive income for the year		–	1,502	–	87,530	89,032
Appropriate to statutory surplus reserve fund		–	–	7,543	(7,543)	–
At 31 December 2013		2,643,425	(220,920)	499,348	2,324,058	5,245,911

Notes to Financial Statements

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36. Contingent liabilities

1. The contingent liabilities of pending litigations or arbitrations and their financial impacts

(1) Action against Foxconn

On 11 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 using 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 alleged 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 of the Group 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. The service of writs on all of the Defendants has been duly acknowledged.

On 2 November 2007, the Company and its subsidiary, BYD Hong Kong Limited ("BYD Hong Kong "), which had been served with the writ at that time, applied for a stay of the legal proceedings. The hearing of the stay application took place on 11 and 12 June 2008 and the judgement in respect of the stay application was handed down on 27 June 2008. The stay application was turned down and an order was issued, of which the legal cost for the application of stay by the Plaintiffs is to be borne by the Company and BYD Hong Kong Limited. The legal cost, if not agreed, will be determined by the Court. On 2 September 2009, the above-mentioned Plaintiffs made an amendment to the writ with Hong Kong High Court for inclusion of Foxconn Precision Component (Beijing) Co., Ltd. as a plaintiff.

On 2 October 2009 the Defendants instituted a counter-action against Hon Hai Precision Industry Co. Ltd, Foxconn International Holdings Limited, Shenzhen Futaihong Precision Industry Co., Ltd. and Hongfujin Precision Industry (Shenzhen) Co., Ltd. for their intervention since 2006, by means of illegal measures, in the operations involving the Company and its holiding subsidiary, collusions, written and verbal defamation, and the economic loss as a result of the said activities, and made requests in respect of the action as followed: The Company requested the Court to issue an injunction banning Hon Hai Precision Industry Co. Ltd and Foxconn International Holdings Limited from spreading, releasing and procuring the release of statements against the Company or any similar wording to discredit the Company. Requests were also made to order Hon Hai Precision Industry Co. Ltd to compensate for the damage (including aggravated damages and punitive damages) arising from its written and oral defamation, to order Foxconn International Holdings Limited to compensate for the damage (including aggravated damages and punitive damages) arising from its written defamation, and to order Hon Hai Precision Industry Co. Ltd, Foxconn International Holdings Limited, Shenzhen Futaihong Precision Industry Co., Ltd. and Hongfujin Precision Industry (Shenzhen) Co., Ltd. to compensate for the losses due to unlawful interference with the operations of the Company and its holding subsidiaries, and the loss, interest, costs and other relief caused by their collusion.

Notes to Financial Statements

31 December 2013

36. Contingent liabilities (continued)

1. The contingent liabilities of pending litigations or arbitrations and their financial impacts (continued)

(1) Action against Foxconn (continued)

On 21 January 2010, the Plaintiffs based on no reasonable cause of action and other reasons, applied to the Court for rejecting the contents of some paragraphs in the Defendant's counterclaim. On 24 August 2010, the Court made a judgement dismissing the Plaintiffs' application for elimination. On 28 September 2010, the Plaintiffs appealed against the aforesaid judgement. On 31 December 2010, the Court granted approval for the appeal application. In response to the appeal application, the Court held hearings on 16 September 2011 and 24 May 2012. On 20 June 2012, the Court handed down the judgement to dismiss the appeal relating to the elimination request from the appellant.

On 30 January 2012, the Plaintiffs filed an application to the High Court requesting it to send a letter of request to the Shenzhen Intermediate People's Court for copying information in the mobile hard drive maintained in the Shenzhen Intermediate People's Court. On 13 April 2012, the Defendants made a reply to the application, requesting that apart from the Shenzhen Intermediate People's Court, the letter of request should also be sent to the Supreme People's Court of the PRC, the Shenzhen Bao'an District People's Court and the Shenzhen Longgang District People's Court through which the letter of request should be passed to the Bao'an Branch of the Shenzhen Public Security Bureau and the Beijing JZSC Intellectual Property Rights Forensic Center, requesting the aforesaid authorities or units to assist in the transfer or disclosure of evidence materials such as computers, copies of mobile hard disks and case files of parties closely related to this case. On 11 October 2012, the Hong Kong High Court decided to postpone the hearing for the above application originally scheduled to be held on 18 October 2012 to a time to be further decided.

On 6 June 2013, Hong Hai Precision Industry Co., Ltd, Foxconn International Holdings Limited, Shenzhen Futaihong Precision Industry Co., Ltd. and Hongfujin Precision Industrial (Shenzhen) Co., Ltd. (defendants of the counterclaim) replied to the counterclaim from the Defendants and argued that the alleged intervention in the operations of the Defendants and the collusions were not actionable pursuant to the PRC laws, and the alleged charges of written and verbal defamation were legal disclosures under Taiwanese laws, therefore, the counterclaim made by the Defendants against them was groundless. On 27 June 2013, the Defendants made an application to the High Court for raising a defence against the reply from the Defendants of the counterclaim. On 6 December 2013, BYD submitted a response against the above-mentioned defence of Foxconn.

Based on legal opinions issued by the Group's litigation legal counsels, the ultimate outcome of the litigation is not yet determinable given the early stage of the proceedings. Accordingly, whether the litigation may lead to compensation obligations on the part of the Group is uncertain. Moreover, if the litigation may lead to compensation obligations, the amount cannot be measured reliably and no estimated liabilities have been recorded by the Group.

(2) The Maritime Compensation Disputes between the Company and other parties including HLL Atlantic Schiffahrts GmbH and David Peyser Sportswear, Inc.

1) The third-party litigation (No. 08 civ 9352(AKH))

On 10 September 2008, the Company exported to Spectrum Brands, Inc. 360 cartons of Ni-MH batteries with the trademark of "Rayovac", which were loaded in a container (No. APLU9087454) in No. 5 cargo hold of "M/V APL PERU". The ship owner is HLL Atlantic Schiffahrts GmbH and the ship operator is Hanseatic Lloyd Schiffahrt GmbH & Co. KG ("Lloyd"). On 5 October 2008, a fire occurred in the container (No. APLU9087454) and resulted in the damages to the vessel and other cargos aboard.

On 31 October 2008, six companies including Chris Sports North America, Inc. (the "08 Civ. 09352 Plaintiffs"), represents a variety of cargo interests aboard the ship, launched a lawsuit (the "08 Civ. 09352 Case") to the United States District Court of Southern District of New York, against the four defendants, including the HLL Atlantic, Lloyd and a carrier named Laufer Group International Ltd. (the "08 Civ. 09352 Defendants"), on the facts of the maritime transport. The 08 Civ. 09352 Plaintiffs alleged that the 08 Civ. 09352 Defendants violated the carriage obligations. On 2 March 2009, the 08 Civ. 09352 Plaintiffs added another carrier named Hyundai Merchant Marine Co. as defendant and demanded that all 08 Civ. 09352 Defendants liable for a loss that amounted to US$428,328.50.

On 10 September 2009, a third-party lawsuit was initiated by two of the 08 Civ. 09352 Defendants, HLL Atlantic and Lloyd, against the Company and Spectrum Brands, Inc. ("SPC"), demanding that the Company and SPC be liable for their losses and expenses totalling US$250,000, as well as indemnity, cost of litigation and general average.

On 8 October 2010, the Company was duly served with the third-party complaint and the summons.

Notes to Financial Statements

31 December 2013

36. Contingent liabilities (continued)

1. The contingent liabilities of pending litigations or arbitrations and their financial impacts (continued)

(2) The Maritime Compensation Disputes between the Company and other parties including HLL Atlantic Schiffahits GmbH and David Peyser Sportswear, Inc. (continued)

2) The maritime case (No. 10-CV-06108)

On 7 May 2010, a lawsuit numbered CV 09-00169-RAJ was commenced by 41 plaintiffs including David Peyser Sportswear, Inc. and National Liability and Fire Company and others (the "Plaintiffs") against 5 defendants including the Company and SPC (the "Defendants"), to the United States District Court for Western District of Washington in Seattle. The Plaintiffs requested that the Defendants be jointly liable for the loss of approximately US$6,000,000, general average and the costs of litigation.

The case was based on the same facts as the aforesaid 08civ9352(AKH) case. On 17 August 2010, the case has been transferred to the jurisdiction of the United States Federal Court for the Southern District of New York. The number of the case was changed to 10-CV-06108.

On 4 November 2010, the Company was duly served with the plaintiffs' complaint and the summons. BYD received the request of relevant evidence by Spectrum Brands in March 2012, and submitted the relevant documents according to the request in May 2012. BYD submitted the relevant documents according to Spectrum Brands' request in May 2012. The parties took testimony from BYD's witnesses in early November 2012 and mid-June 2013. On 2 December 2013, the Plaintiffs submitted an expert report. The Company will submit the expert report on 24 March 2014.

During the reporting period, the cases were in evidence discovery stages and there was no evidence to support the requests of the Plaintiffs. Based on the legal opinions issued by the litigation legal counsels to the Group, the ultimate outcome of the litigations is not yet determinable given the early stage of the proceedings. As a result, it is uncertain whether this litigation may result in compensation obligation, and should it be so, the amount would not be reliably measured and no estimated liabilities has been recorded by the Group.

(3) MEMC Singapore Pte Ltd. (hereinafter referred to as "MEMC")

On 5 June 2010, Shangluo BYD and MEMC Singapore Pte Ltd. entered into the Processing Agreement, providing that MEMC would supply raw materials to Shangluo BYD for processing into silicon wafers for a term of five years. However, between February and July 2011, MEMC made several complaints about the inferior quality of silicon wafers to BYD and required the return/replacement of goods. Following tests and on-site inspections, BYD found it impossible to prove that the defective goods were produced by BYD, and thus it did not agree to return/replace these goods. Hence, MEMC stopped placing purchase orders with Shangluo BYD with effect from June 2011 and fully settled previous purchases. Since MEMC defaulted on the payment of processing fees and unilaterally terminated the performance of the five-year import processing agreement to which it was a party, Shangluo BYD (as the applicant) submitted an arbitration application to the ICC International Court of Arbitration Hong Kong Office (香港國際商會仲裁院) on 31 August 2012, requiring an arbitral award to be made that MEMC violated its obligations under the processing agreement. Shangluo BYD also demanded that MEMC should pay the processing fees of US$41,418,000 owed by it and damages of US$128,854,000 payable for the failure to complete processing work during the five-year period set out in the contract, and indemnify Shangluo BYD against any other losses resulting from MEMC's default. On 3 September 2012, the ICC International Court of Arbitration Hong Kong Office confirmed the receipt of Shangluo BYD's written arbitration application and delivered the same to MEMC. On 12 October 2012, MEMC submitted a defence and brought a counterclaim in response to the arbitration application made by Shangluo BYD. Shangluo BYD submitted a defence against the counterclaim filed by MEMC on 12 November 2012. On 4 January 2013, both parties signed the Variation Agreement, which changed the arbitration body and arbitration rules for this case from the ICC International Court of Arbitration Hong Kong Office and ICC Rules of Arbitration as agreed in the contract into ad hoc arbitration and UNCITRAL Arbitration Rules. On 25 January 2013, the ICC International Court of Arbitration Hong Kong Office wrote a letter to confirm that it would stop administering the arbitration procedures of this case. On 14 January 2013, the Company and MEMC jointly sent a letter to Michael Moser indicating that both parties had reached an agreement to appoint Michael Moser as the sole arbitrator of this case for arbitration in Hong Kong. On 4 March 2013, Shangluo BYD submitted the plantiff's complaint together with relevant evidences and facts as well as witness testimony to the arbitrator. On 20 May 2013, MEMC submitted a statement of defence, a statement of counterclaim and the relevant evidences and facts as well as witness statements to the arbitrator. On 7 August 2013, Shangluo BYD submitted to the arbitrator a reply and a statement of defence in response to the statement of defence and the statement of counterclaim from MEMC, together with the relevant evidences and facts as well as witness statements. According to the reply from Squire Sanders, the Company's legal advisor on this litigation, a new round of hearings is expected to start on 7 July 2014.

Notes to Financial Statements

31 December 2013

36. Contingent liabilities (continued)

1. The contingent liabilities of pending litigations or arbitrations and their financial impacts (continued)

(3) MEMC Singapore Pte Ltd. (hereinafter referred to as "MEMC") (continued)

Shangluo BYD and MEMC entered into the Solar Wafer Supply Agreement (hereinafter referred to as the "Purchase Agreement") on 9 December 2010. On 30 November 2012, MEMC (as the applicant) submitted an arbitration application involving the Purchase Agreement to Hong Kong International Arbitration Centre, requiring BYD to pay a total amount of US$56,888,000 for the outstanding minimum purchase amount of the first year and the overdue silicon wafer purchase price totaling US$1,537,000 together with the interest thereon calculated based on the monthly interest rate of 1%, and any losses and arbitration fees incurred by the applicant as a result of the respondent's default. MEMC wrote a letter to Hong Kong International Arbitration Centre on 14 December 2012, stating that both parties basically agreed that the dispute over the Supply Agreement should be solved by way of ad hoc arbitration and it was therefore inappropriate for Hong Kong International Arbitration Centre to act as the arbitration body. On 17 December 2012, Hong Kong International Arbitration Centre wrote a letter to confirm that it would no longer administer this arbitration. On 14 January 2013, Shangluo BYD and MEMC jointly sent a letter to Michael Moser indicating that the two parties had agreed to designate Michael Moser as sole arbitrator, and an ad hoc arbitration under the UNCITRAL Rules should be applied as settlement of dispute under the Purchase Agreement., with the place of arbitration in Hong Kong. On 4 March 2013, MEMC submitted to the arbitral tribunal a plaintiff indictment and the related evidence. On 20 May 2013, Shangluo BYD submitted a statement of defence, a statement of counterclaim and the relevant evidences to the arbitrator. On 7 August 2013, MEMC submitted to the arbitrator a reply and a statement of defence in response to the statement of defence and the statement of counterclaim from Shangluo BYD, together with the relevant evidences. Both parties submitted their second statement of defence on 23 October 2013. On 2 December 2013, both parties exchanged the discovered evidence and the replies about the discovered evidence required by the counterparty. According to the reply of Squire Sanders, the law firm of the Company responsible for the litigation, a new round of hearings is expected to start on 7 July 2014.

On 24 September 2012, Shangluo BYD submitted an "Application to declare invalidity of arbitration clause" to the Xi'an Intermediate People's Court of the PRC on the question of the validity of the arbitration clause in the aforesaid Purchase Agreement, and requested the court to determine the arbitration clause agreed in the Purchase Agreement to be null and void. In June 2013, the Xi'an Intermediate People's Court officially accepted the case for hearing. According to the reply of the involved lawyer, the case is still under judicial process. The hearings is expected to be held in mid-2014, and the case will be closed by the end of the year.

As for the uncertainties of the recoverability of receivables and prepayments caused by the aforesaid dispute, the Company has made full provisions for relevant assets because the entire litigation is time-consuming and it is doubtful that the arbitral award against the counterparty can be enforced even if the Company wins the arbitration.

During the reporting period, the aforesaid litigation was still in the process of arbitration. According to the legal opinion of the Group's solicitor, the arbitration is still in the early stage of legal proceedings, and thus it is impossible to ascertain the final outcome of the litigation. Since both parties have claimed each other for damages in arbitration, it is uncertain whether the arbitration of this litigation may result in compensation obligations on the Company and, even if the arbitration may result in compensation obligations of the Company, the amount cannot be reliably measured, thus the Group does not make provision for relevant expected and no estimated liabilities have been recorded by the Group.

Notes to Financial Statements

31 December 2013

36. Contingent liabilities (continued)

2. At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Guarantees given to banks in connection with facilities granted to subsidiaries	**–**	–	**30,863,214**	29,496,478

As at 31 December 2013, the banking facilities guaranteed to subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately RMB9,755,100,000 (2012: RMB7,297,260,000).

(a) Financial guarantee issued

The Group entered into tri-lateral finance lease arrangement contracts with certain end-user customers and a third-party leasing company in 2013. Under the joint leasing arrangement, the Group provides a guarantee to the third-party leasing company that in the event of customer default, the Group is required to make payment to the leasing company for its share of the outstanding lease payments due from the customer. Management believes that the repossessed vehicles will be able to be sold for proceeds that are not significantly different from the amount of guarantee payments. At the same time, the Group is entitled to repossess and sell the leased new energy vehicle, and retain any net proceeds in excess of the guarantee payments made to the leasing company. As at 31 December 2013, the Group's maximum exposure to such guarantee was RMB403,543,000. The term of these guarantee coincides with the tenure of the lease contracts. For the year ended 31 December 2013, there was no default of payments from end-user customers which required the Group to make guarantee payments to the third-party leasing company.

37. Operating lease arrangements

As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from three to five years.

There were no contingent rentals, renewal or purchase options, escalation clauses or any restrictions imposed on dividends, additional debt and further leasing within the lease arrangements.

At 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2013	**2012**
	RMB'000	**RMB'000**
Within one year	48,763	10,703
In the second to fifth years, inclusive	105,967	24,933
	154,730	35,636

In December 2013, the Group a entered into a sale and leaseback agreement with a leasing company pursuant to which certain machinery and equipment (the "Asset") with a net book value of RMB128,194,000 was sold to the leasing company for the transaction price equivalent to the net book value and subsequently leased back for lease term of 3 years during which the Group is requested to pay rental fee of RMB41,000,000 per annum. The Group has been granted the option to buy back the Asset at 30% of original transaction price, return the equipment to leasing company or renew the rent based on renegotiation between the Group and leasing company by the end of lease term. Management has assessed the classification of the lease in accordance with HKAS 17 and concluded the leaseback arrangement as operating lease. Furthermore, management believes at the inception of the lease it is not reasonably certain for the Group to exercise the option to purchase the equipment or renew the lease by the end of the lease term.

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38. Commitments

In addition to the operating lease commitments detailed in note 37 above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2013 RMB'000	2012 RMB'000
Contracted, but not provided for:		
Land and buildings (i)	856,404	1,131,093
Plant and machinery (ii)	1,177,611	2,109,097
	2,034,015	3,240,190
Authorised but not contracted for	2,512,825	4,642,008
	4,546,840	7,882,198

Notes:

(i) Included in the above capital commitment is a commitment with regard to the under-mentioned BYD Automobile Plant II Project with the amount of RMB199,049,000 (2012: RMB26,140,000) and the Changsha Sedan Project with the amount of RMB Nil (2012: RMB108,854,000);

(ii) Included in the above capital commitments is a commitment with regard to the under-mentioned BYD Automobile Plant II project with the amount of RMB5,232,000 (2012: RMB37,455,000) and the Changsha Sedan Project with the amount of RMB Nil (2012: RMB446,774,000);

(1) BYD Automobile Plant II Project

BYD Auto, a subsidiary of the Company, will invest in the construction of the "BYD Automobile Plant II Project" in the Xi'an High-Tech Zone. The investment amount of the project, which is for the production of vehicles and automobile components, is RMB4.46 billion.

(2) Long term purchase commitments for polysilicon materials

In October 2010, Shangluo BYD (the "Purchaser") entered into an irrevocable silicon supply contract (the "Supply Contract") with Jiangxi LDK PV Silicon Technology Co., Ltd. ("LDKPV" or the "Vendor") and Jiangxi LDK Solar Hi-Tech Co., Ltd. ("LDK Solar" or the "Guarantor"), both of which are silicon material suppliers. The Supply Contract provides that during the contract term from January 2011 to December 2012, the Purchaser shall purchase 3,000 tonnes of polysilicon materials from the Vendor at a price of RMB650,000/tonne (the "Initial Purchase Price") for a total contract value of RMB1.95 billion. The agreed prepayment amounts to RMB97,500,000, equivalent to 5% of the consideration. The Supply Contract also provides that if the prevailing market price fluctuates more than 5% over the Initial Purchase Price, the parties shall negotiate about adjusting the purchase price with reference to the market price. The parties complied with the provisions of the contract in 2012.

In December 2012, Shangluo BYD entered into a supplemental agreement to the Supply Contract with LDKPV and LDK Solar. The supplemental agreement provides that the three parties agree to extend the performance period under the original Supply Contract for a period of one year, i.e. the supplemental agreement shall be valid from 1 January 2013 to 31 December 2013. It is agreed that the Vendor shall not be required to make deliveries should it fail to fulfil its monthly delivery obligation of 125 tonnes for the period from January 2011 to December 2012. None of the parties shall pursue a claim against each other during the valid term of the agreement. Furthermore, defaults on overdue payment and unfullfilled deliveries by both parties are waived during the valid team. As at 31 December 2013, there was an outstanding purchase commitment amounting to 2,446.36 tonnes under the contract.

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38. Commitments (continued)

(3) Long-term purchase commitments for polysilicon wafers

On 30 December 2010, Shangluo BYD (the "Purchaser") signed a polysilicon wafer supply contract with Suzhou GCL Photovoltaic Technology Co., Ltd. (蘇州協鑫光伏科技有限公司) (the "Vendor") and Changzhou GCL-LDK Photovoltaic Technology Co., Ltd. (常州協鑫LDK光伏科技有限公司) (the "Guanrantor"). The contract provides that during the valid term from January 2011 to December 2015, the Purchase shall purchase from the Vendor 31 million polysilicon wafers at a price of not more than RMB25 per wafer in 2011 and 350 million polysilicon wafers at prices to be renegotiated between 2012 and 2015. The agreed prepayment amounts to RMB100,000,000. Both of the Purchaser and the Vendor complied with the provisions of the contract in 2011 and 2012. Besides, both parties agreed that the annual purchase amounts and price between 2012 and 2015 will be negotiated separately prior to 10 December of the preceding year in each year, the purchase amounts will be the same as the aggregate purchase amounts of the preceding year if both parties fail to negotiate the annual purchase amounts between 2012 and 2015. As at 31 December 2013, there was an outstanding purchase commitment amounting to 308,110,000 wafers. The parties complied with the provisions of the contract in 2011, 2012 and 2013.

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Contracted, but not provided for:	109,965	24,997

39. Related party transactions

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

		Group	
		2013	2012
	Notes	RMB'000	RMB'000
Joint ventures			
Sales of products	(i)	71,513	136,838
Sales of raw materials	(ii)	122,634	32,621
Service income	(iii)	255,773	163,353
Purchase of products and service from Northern Qinchuan, a company in which a supervisor of the Company is the chairman of the board	(iv)	14,517	8,095

Notes:

(i) The sales of products to the joint ventures, were made according to the published prices;

(ii) The sales of raw materials to BDNT, a joint venture, were made according to the published prices;

(iii) The service income from joint ventures was recognized according to the published prices; and

(iv) The directors consider that the sales of products to Xi'an Northern Qinchuan Company LTD ("Northern Qinchuan") were made according to the published prices. The outstanding balance owing by the Company as at 31 December 2013 was RMB13,000 (2012: RMB44,000), Details are disclosed in note 28 to the financial statements;

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39. Related party transactions (continued)

(b) Commitments with related parties:

In 2011, the Group entered into a series of agreements (the "Agreements") with BDNT, including a Service Agreement on Development of New Electronic Vehicles In China and a Framework Agreement on the Production and Distribution of New Electronic Vehicles. According to the Agreements, the Group will provide services to BDNT on the design and development of new electric vehicles (the "Vehicles"), and manufacture and sell the Vehicles to BDNT. The transactions occurred under the Agreements in the year ended 31 December 2013 were detailed in note 39(a) to the financial statements.

(c) Outstanding balances with related parties:

	2013 RMB'000	2012 RMB'000
The amount due from joint ventures:		
Shenzhen Pengcheng	10,797	131,760
BDNT	210,444	–
Nanjing Jiangnan	28,768	–
	250,009	131,760
The amount due to a joint venture:		
BDNT	–	(25,521)
	–	(25,521)

The balances are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group:

	2013 RMB'000	2012 RMB'000
Short term employee benefits	37,349	31,205
Pension scheme contributions	242	187
	37,591	31,392

Further details of directors' emoluments are included in note 9 to the financial statements.

The related party transactions in respect of the items set out in note 39(a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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40. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2013 Financial assets	Group Loans and receivables RMB'000	Available-for-sale investments RMB'000	Total RMB'000
Long term receivable	34,679	–	34,679
Available-for-sale investments	–	9,487	9,487
Trade and bills receivables	13,135,007	–	13,135,007
Due from joint ventures	250,009	–	250,009
Financial assets included in prepayments, deposits and other receivables	287,180	–	287,180
Short term deposits	200,000	–	200,000
Pledged deposits	667,886	–	667,886
Cash and cash equivalents	4,510,942	–	4,510,942
	19,085,703	9,487	19,095,190

2013 Financial liabilities	Group Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	22,292,736	22,292,736
Financial liabilities included in other payables	1,419,020	1,419,020
Interest-bearing bank and other borrowings	24,824,420	24,824,420
	48,536,176	48,536,176

At 31 December 2013, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills") with a carrying amount of RMB110,876,000 (31 December 2012: RMB264,951,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB110,876,000 (31 December 2012: RMB264,951,000) as at 31 December 2013.

Notes to Financial Statements

31 December 2013

40. Financial instruments by category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2012	Group		
Financial assets	Loans and receivables RMB'000	Available-for-sale investments RMB'000	Total RMB'000
Long term receivable	22,500	–	22,500
Available-for-sale investments	–	2,985	2,985
Trade and bills receivables	9,937,481	–	9,937,481
Due from joint ventures	131,760	–	131,760
Financial assets included in prepayments, deposits and other receivables	207,851	–	207,851
Pledged deposits	197,405	–	197,405
Cash and cash equivalents	3,486,561	–	3,486,561
	13,983,558	2,985	13,986,543

2012	Group	
Financial liabilities	Financial liabilities at amortised cost RMB'000 (Reclassified)	Total RMB'000 (Reclassified)
Trade and bills payables	19,932,524	19,932,524
Financial liabilities included in other payables	1,480,720	1,480,720
Interest-bearing bank and other borrowings	18,629,123	18,629,123
	40,042,367	40,042,367

	Company					
	2013			2012		
Financial assets	Loans and receivables RMB'000	Available-for-sale investments RMB'000	Total RMB'000	Loans and receivables RMB'000	Available-for-sale investments RMB'000	Total RMB'000
Long term receivable	29,679	–	29,679	–	–	–
Available-for-sale investments	–	9,487	9,487	–	2,985	2,985
Trade and bills receivables	1,074,440	–	1,074,440	1,014,645	–	1,014,645
Financial assets included in prepayments, deposits and other receivables	38,238	–	38,238	35,739	–	35,739
Due from subsidiaries	14,931,538	–	14,931,538	13,787,001	–	13,787,001
Cash and cash equivalents	322,718	–	322,718	120,928	–	120,928
	16,396,613	9,487	16,406,100	14,958,313	2,985	14,961,298

Notes to Financial Statements

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40. Financial instruments by category (continued)

Financial liabilities	Company 2013 Financial liabilities at amortised cost RMB'000	2013 Total RMB'000	2012 Financial liabilities at amortised cost RMB'000 (Reclassified)	2012 Total RMB'000 (Reclassified)
Trade and bills payables	1,158,612	1,158,612	981,920	981,920
Financial liabilities included in other payables	233,539	233,539	206,006	206,006
Interest-bearing bank and other borrowings	13,514,482	13,514,482	9,583,138	9,583,138
Due to subsidiaries	2,506,481	2,506,481	5,357,318	5,357,318
	17,413,114	17,413,114	16,128,382	16,128,382

41. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts 2013 RMB'000	Carrying amounts 2012 RMB'000	Fair values 2013 RMB'000	Fair values 2012 RMB'000
Financial assets				
Long term receivable	34,679	22,500	34,679	22,500
Available-for-sale investments-listed equity investments	4,487	2,985	4,487	2,985
	39,166	25,485	39,166	25,485

	Carrying amounts 2013 RMB'000	Carrying amounts 2012 RMB'000	Fair values 2013 RMB'000	Fair values 2012 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	24,824,420	18,629,123	24,824,420	18,629,123

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41. Fair value and fair value hierarchy of financial instruments (continued)

Company

	Carrying amounts		Fair values	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Long term receivable	29,679	–	29,679	–
Available-for-sale investments-listed equity investments	4,487	2,985	4,487	2,985
	34,166	2,985	34,166	2,985

	Carrying amounts		Fair values	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	13,514,482	9,583,138	13,514,482	9,583,138

Management has assessed that the fair values of short term deposits, cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables, amounts due from the joint ventures and amounts due from/to subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2013 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.

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41. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's and the Company's financial instruments:

Assets measured at fair value:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments – listed equity investments	4,487	–	–	4,487
	4,487	–	–	4,487

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments – listed equity investments	2,985	–	–	2,985
	2,985	–	–	2,985

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41. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

Company

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments – listed equity investments	4,487	–	–	4,487
	4,487	–	–	4,487

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments – listed equity investments	2,985	–	–	2,985
	2,985	–	–	2,985

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2012: Nil).

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41. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Long term receivable	–	34,679	–	34,679
	–	34,679	–	34,679

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Long term receivable	–	22,500	–	22,500
	–	22,500	–	22,500

Company

As at 31 December 2013

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Long term receivable	–	29,679	–	29,679
	–	29,679	–	29,679

The Company did not have any assets for which fair values are disclosed at 31 December 2012.

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41. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	24,824,420	–	24,824,420

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	18,629,123	–	18,629,123

Company

As at 31 December 2013

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	13,514,482	–	13,514,482

As at 31 December 2012

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	9,583,138	–	9,583,138

Notes to Financial Statements

31 December 2013

42. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, restricted bank deposits, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2013, approximately 50% (2012: 33%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings) and the Group's and the Company's equity.

		Group		Company	
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity * RMB'000	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity * RMB'000
2013					
RMB	25	(8,659)	–	(2,509)	–
RMB	(25)	8,659	–	2,509	–
2012					
RMB	25	(15,350)	–	(17,887)	–
RMB	(25)	15,350	–	17,887	–

* Excluding retained profits and exchange fluctuation reserve

Notes to Financial Statements

31 December 2013

42. Financial risk management objectives and policies (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies, where the revenue is predominately in US$ and RMB and a certain portion of the bank loans is denominated in US$. The Group takes rolling forecast on foreign currency revenue and expenses and matches the currency and amount incurred, so as to alleviate the impact on business due to exchange rate fluctuation.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

		Group	
	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in owners' equity* RMB'000
2013			
If RMB weakens against US$	5	(42,498)	–
If RMB strengthens against US$	(5)	42,498	–
2012			
If RMB weakens against US$	5	28,008	–
If RMB strengthens against US$	(5)	(28,008)	–

* Excluding retained profits and exchange fluctuation reserve

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analyses by customer. At the end of the reporting period, the Group had certain concentrations of credit risk as 8% (2012: 14%) and 33% (2012: 45%) the Group's trade receivables were due from the Group's largest customer and the five largest customers respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 25 to the financial statements.

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31 December 2013

42. Financial risk management objectives and policies (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans borrowings and corporate bonds. In addition, banking facilities have been put in place for contingency purposes. Except for the non-current portion of interest-bearing bank borrowings and certain corporate bonds, all borrowings would mature in less than one year at the end of the reporting period.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Financial liabilities

Group	2013					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	5,314,950	10,387,136	2,838,611	41,035	18,581,732
Trade and bills payables	288,021	15,992,958	6,011,757	–	–	22,292,736
Other payables	321,289	908,809	188,922	–	–	1,419,020
Corporate bonds	–	–	1,370,500	7,234,500	–	8,605,000
	609,310	22,216,717	17,958,315	10,073,111	41,035	50,898,488
Financial guarantee issued (note 36(e))						
Maximum amount guaranteed	403,543	–	–	–	–	403,543

Group	2012					
	On demand RMB'000	Less than 3 months RMB'000 (Reclassified)	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000 (Reclassified)
Interest-bearing bank and other borrowings	–	1,945,157	9,923,127	3,397,019	176,828	15,442,131
Trade and bills payables	245,098	14,588,492	5,098,934	–	–	19,932,524
Other payables	336,557	885,942	258,221	–	–	1,480,720
Corporate bonds	–	–	202,500	4,652,500	–	4,855,000
	581,655	17,419,591	15,482,782	8,049,519	176,828	41,710,375

Notes to Financial Statements

31 December 2013

42. Financial risk management objectives and policies (continued)

Financial liabilities (continued)

Company	2013					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	1,185,078	4,673,695	2,087,878	–	7,946,651
Trade and bills payables	5,172	873,137	268,757	–	–	1,147,066
Other payables	55,374	185,572	4,150	–	–	245,096
Corporate bonds	–	–	348,000	7,234,500	–	7,582,500
Due to subsidiaries	2,506,481	–	–	–	–	2,506,481
	2,567,027	2,243,787	5,294,602	9,322,378	–	19,427,794
Financial guarantee issued (note 36(d))						
Guarantees given to banks in connection with facilities granted to subsidiaries	9,737,100	–	–	–	–	9,737,100

Company	2012					
	On demand RMB'000	Less than 3 months RMB'000 (Reclassified)	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000 (Reclassified)
Interest-bearing bank and other borrowings	–	887,737	4,390,101	1,550,145	155,895	6,983,878
Trade and bills payables	3,174	703,022	275,724	–	–	981,920
Other payables	25,257	146,114	34,635	–	–	206,006
Corporate bonds	–	–	157,500	3,602,217	–	3,759,717
Due to subsidiaries	5,357,318	–	–	–	–	5,357,318
	5,385,749	1,736,873	4,857,960	5,152,362	155,895	17,288,839
Financial guarantee issued (note 36(d))						
Guarantees given to banks in connection with facilities granted to subsidiaries	7,297,260	–	–	–	–	7,297,260

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42. Financial risk management objectives and policies (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group's policy is to maintain the gearing ratio as low as possible. Net debt includes interest-bearing bank and other borrowings less cash and cash equivalents. Equity represents equity attributable to owners of the parent. The gearing ratios as at the ends of the reporting periods were as follows:

Group	2013 RMB'000	2012 RMB'000
Interest-bearing bank and other borrowings	24,824,420	18,629,123
Less: Cash and cash equivalents	(4,510,942)	(3,486,561)
Net debt	20,313,478	15,142,562
Equity attributable to owners of the parent	21,709,764	21,196,984
Gearing ratio	94%	71%

43. Events after the reporting period

(a) On 3 March 2014, BYD Auto Industry and Daimler each made a capital injection in BDNT of RMB280,000,000. After the capital injection, BDNT's paid-in capital increased by RMB560,000,000 and the percentage of shareholding and interests held by BYD Auto Industry and Daimler in BDNT have not changed.

(b) On 21 February 2014, BYD Auto Industry has made the final installment (RMB20,000,000) of capital contribution to Tianjin BYD according to the articles of association.

(c) The board of director approved the Resolution On The Operating Lease and Finance Lease Arrangement (the "Resolution" at the 25th meeting of board of directors held on 24 February 2014). According to the Resolution, the Company and its subsidiaries will cooperate with lease companies in operating and finance lease arrangements, of which direct finance lease of new equipment and sale and leaseback of self-owned equipment will be adopted as two main modes of finance lease. The aggregate amount of the operating lease and finance lease arrangement of the Company and its subsidiaries will not exceed RMB9 billion, and the net value of the self-owned equipment sold to leasing companies, in which the sale and leaseback was adopted, does not exceed RMB9 billion.

44. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation and accounting treatment. The reclassification provides better information of the financial data. The accrual amount of RMB980,416,000 in other payables has been reclassified to trade and bills payables in comparative figures. The advance from customer amount of RMB275,298,000 in advances from customers has been reclassified to other payables in comparative figures.

45. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 19 March 2014.

Five Year Financial Summary

As 31 December 2013

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
REVENUE	49,767,887	44,380,858	46,312,282	46,685,349	39,469,454
Cost of sales	(43,251,573)	(39,254,530)	(39,445,257)	(38,420,975)	(30,904,723)
Gross profit	6,516,314	5,126,328	6,867,025	8,264,374	8,564,731
Other income and gains	456,199	423,332	988,114	531,891	297,857
Government grants and subsidies	677,121	550,387	301,221	353,679	389,623
Selling and distribution costs	(2,011,845)	(1,511,797)	(1,799,757)	(2,175,881)	(1,489,708)
Research and development costs	(1,278,910)	(1,150,419)	(1,373,861)	(1,403,459)	(1,283,316)
Administrative expenses	(2,073,516)	(2,055,016)	(2,125,636)	(1,917,889)	(1,507,711)
Other expenses	(387,556)	(205,148)	(388,567)	(254,619)	(207,105)
Finance costs	(1,017,318)	(862,439)	(742,262)	(281,383)	(255,388)
Share of profits and losses of jointly-controlled entities	(36,309)	(24,709)	7,022	25,554	–
An associate	(12,099)	206	(5,815)	–	–
PROFIT BEFORE TAX	832,081	290,725	1,727,484	3,142,267	4,508,983
Income tax expense	(56,215)	(77,835)	(132,408)	(223,677)	(430,543)
PROFIT FOR THE YEAR	775,866	212,890	1,595,076	2,918,590	4,078,440
Attributable to:					
Equity holders of the parent	553,059	81,377	1,384,625	2,523,414	3,793,576
Minority interests	222,807	131,513	210,451	395,176	284,864
	775,866	212,890	1,595,076	2,918,590	4,078,440
TOTAL ASSETS	78,014,834	70,007,807	66,881,036	53,874,663	40,735,597
TOTAL LIABILITIES	(53,158,393)	(45,863,436)	(42,900,900)	(32,723,587)	(21,708,470)
NON-CONTROLLING INTERESTS	(3,146,677)	(2,947,387)	(2,855,619)	(2,690,757)	(2,344,770)
NET ASSETS (EXCLUDING NON-CONTROLLING INTERESTS)	21,709,764	21,196,984	21,124,517	18,460,319	16,682,357

Hong Kong, 19 March 2014

As at the date of this announcement, the Board comprises Mr. Wang Chuan-fu being the executive Director, Mr. Lu Xiang-yang and Mr. Xia Zuo-quan being the non-executive Directors, and Ms. Li Dong, Mr. Wu Chang-qi and Mr. Li Lian-he being the independent non-executive Directors.