比亞迪股份有限公司
BYD COMPANY LIMITED

Stock Code 股份代號 : 1211

DREAM THE FUTURE

2019 Interim Report 中期報告

Interim Results for the Six Months Ended 30 June 2019 (the "Period")

Revenue	14.06%	to RMB59,215 million
Gross Profit	35.59%	to RMB9,181 million
Profit attributable to owners of the parent	203.61%	to RMB1,455 million
Earnings per share	276.92%	to RMB0.49

Highlights

– The new energy vehicle business grew rapidly with sales volume improving significantly and competitiveness continuing to increase

– Revenue from the assembly business and the new intelligent product business improves rapidly

– Accelerate the opening of supply-sale system, accelerate the pace of marketization of the supply chain, and promote industrial chain synergy and mutual win

Management Discussion & Analysis

Industry Analysis and Review

Automobiles Business

In the first half of 2019, against the backdrop of trade disputes between China and the United States, and that geopolitical risks continued to drag down the global economy, Chinese economy remained generally stable and prosperous. The trend of quality improvement and efficiency enhancement has not changed albeit the complicated internal and external factors, with the GDP growing by 6.3%.

According to the statistics from China Association of Automobile Manufacturers, in the first half of 2019, the production and sales volume of automobiles in China amounted to 12,132,000 units and 12,323,000 units, respectively, down by 13.7% and 12.4% year-on-year. Among which, the new energy vehicle business continued to buck the trend and maintained growth, with production and sales volume reaching 614,000 units and 617,000 units respectively, up by 48.5% and 49.6% year-on-year. Market penetration rate continues to increase.

In the first half of 2019, the four Ministries and Commissions jointly issued "The Notice on Further Improving the Financial Subsidy for the Promotion and Application of New Energy Vehicles", which will be officially implemented on 26 March 2019 to reduce new energy vehicle subsidies in stages; as of 25 June 2019, the policy is in the subsidy transitional stage, and the subsidies for new energy vehicles were granted in compliance with the according uniform standard of 0.6 times of the original subsidy policy. The reduce in subsidies has placed greater profit pressure on industry-related enterprises during the Period. But in the long run, it is conducive to optimizing the structure of new energy vehicle products, while promoting the survival of the fittest in the new energy vehicle industry and promoting its healthy development. With significant decline in subsidies for new energy vehicles, the development of the industry will be more market-driven. New energy vehicle manufacturers with leading technology, reliable quality and good market reputation are likely to enjoy increasing market shares and maintain their leading positions.

Handset Components and Assembly Business

According to the statistical data from IDC (a market research institution), global smartphone shipments reached 640 million units in the first half of 2019, down by 4.4% year-on-year. According to the latest data released by China Academy of Telecommunication Research, aggregated handset shipments in China amounted to 186 million units in the first half of 2019, down by 5.1% year-on-year. During the Period, 246 new models of mobile phones were introduced, down by 38% year-on-year, which indicates that the development of new mobile phones has entered a phase of recession.

During the Period, in the face of gloomy handset market performance across the globe, the competition within the industry has become increasingly fierce. At the same time, the trade disputes between China and the US also had negative impact on certain handset brand manufacturers, which had further spread to upstream component manufacturers and assembly services providers, with the entire handset industry under impact of different degrees. During the Period, the application of glass and ceramics materials was further increased, providing more business opportunities for handset component suppliers with advanced technology capable of providing diversified options.

Rechargeable batteries and photovoltaic business

During the Period, the global sales volume of consumer electronics has recorded a decline, and the market demand for lithium and nickel batteries from upstream manufacturers are relatively sluggish. In the field of photovoltaic business, the installed photovoltaic capacity is 11.4 GW, reduced by more than 50% during the first half of 2019.

Management Discussion & Analysis

Business Review

BYD Company Limited ("BYD" or the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the automobile business including the manufacture and sales of new energy vehicles and traditional fuel vehicles, the handset components and assembly business, the rechargeable batteries and photovoltaic business while actively expanding its urban rail transportation business. In the first half of 2019, the Group achieved revenue of approximately RMB59,215 million, representing a year-on-year increase of 14.06%, among which, revenue generated by the business of automobiles and related products amounted to approximately RMB32,238 million, representing a year-on-year increase of 16.06%. The revenue from the handset components and assembly business amounted to approximately RMB23,002 million, representing a year-on-year increase of 15.15%. The revenue from the rechargeable batteries and photovoltaic business was approximately RMB3,975 million, representing a year-on-year decrease of 4.46%. The three major business segments accounted for 54.45%, 38.84% and 6.71% of the Group's total revenue, respectively. During the Period, the revenue from the new energy automobile business amounted to approximately RMB25,111 million, representing a year-on-year increase of 38.84%, with its share in the Group's total revenue further increasing to 42.41%.

Automobiles Business

In the first half of 2019, as the new energy vehicle industry continues to flourish, BYD actively capitalised on the industry opportunities and increased its investment in research and development, while upgrading its technologies, continuously perfecting product structure and striving to promote the continuous and rapid development of its new energy vehicle business. In the first half of 2019, the Group's sales volume of new energy vehicles increased rapidly, further increasing its market share albeit under the adverse effect of reduction in new energy vehicles subsidies. According to the data from China Association of Automobile Manufacturers, BYD's market share in the new energy vehicle segment increased from approximately 20% in 2018 to approximately 24% for the Period, which further consolidated its industry leadership and enhanced its brand influence.

Regarding new energy passenger vehicles, the Group continued to promote the replacement of older models in the Dynasty series, and several models were launched, including the new generation of "Tang EV", new plug-in hybrid electric version of "Song Max" and the new generation of "Yuan EV", all of which were well acclaimed in the market for their excellent performance and appearance. "Tang EV", with the ability to accelerate from 0 km/h to 100 km/h within 4.3 seconds and its comprehensive endurance reaching 500km, is regarded as the SUV with most power in China, setting a new benchmark in the industry. In the first half of 2019, the new generation of "Yuan EV", "e5" and the brand new model of "Tang DM" of BYD ranked among the top five in terms of new energy vehicles sales in China, which further consolidated BYD's leading position in the new energy vehicle industry. In addition, the new models in the Dynasty series are first in the series to be installed with e platforms, which offers the benefits of high integration, standardization and operation scale. Thus, the e platform is not only able to achieve great improvement as to overall vehicle weight, energy performance and reliability but also able to significantly reduce production cost, further consolidating the competitive advantages of its products. During the Period, the Group further enhanced its product layout with a brand new pure electric vehicle model series based on the e platform, the e series, and comprehensively covered the new energy vehicle segment market. The Group launched the e series models "e1" and the SUV model "S2" in April and June respectively, both receiving positive responses from the market.

In the field of pure electric buses, BYD's pure electric buses have been in operation in numerous cities across China including Shenzhen, Guangzhou, Tianjin, Dalian, Changsha, Wuhan, Xi'an, Nanjing, Hangzhou and Shantou. The overall operation was smooth and good brand reputation has been established. In terms of the overseas market, the Group's "electrification of urban public transportation" continued to progress rapidly, and the Group completed the delivery of electric buses to the UK, Norway, Belgium, Spain, Singapore and Ecuador, and therefore the Group's market coverage spans across Europe, South America and other places, signifying its solid leading position in the wave of electrification of public transportation in cities around the world.

Under the "7+4" strategic planning, the Group constantly explores the potential application and coverage of new energy vehicles in the commercial field, with an emphasis on expanding into the special use vehicle sector and striving for full-market coverage of new energy vehicles. During the Period, the sales volume of BYD'S T10 pure electric dump trucks amounted to over 1,000 units, bringing new growth engines to the Group's commercial vehicle business.

Management Discussion & Analysis

While strengthening its foothold in the new energy vehicle market, the Group also continued to promote the development of traditional fuel vehicle business. In the first half of the year, the "Song Max" model, capitalising on its appearance and relatively higher performance, continued to rank among the top three in the MPV market in China in terms of sales volume. The model remained a stable contributor to the Group's sales volume. However, given the declined overall demand of the traditional fuel vehicle industry and the impact of some of the Group's old models exiting the market, the Group's fuel vehicle sales showed an comparatively higher fall in the first half of the year.

Concerning the urban rail transportation sector, BYD continued to step up its effort in planning the layout and achieved a great progress. As the low-cost solutions to urban rail transportation, "Skyshuttle" and "Skyrail" boast significant market demands, and the Group have received orders from numerous cities in domestic and overseas markets since their launches. In the future, with the commencement of more projects in domestic and overseas markets, the business segment is expected to bring new growth potential for the Group.

Handset Components and Assembly Business

As one of the intelligent product solutions providers with the highest overall competitiveness in the world, BYD provides whole product design, component manufacturing and whole device assembly services for both domestic and overseas handset manufacturers as well as other mobile intelligent terminal manufacturers. For the Period, revenue from the handset components and assembly business of the Group amounted to approximately RMB23,002 million.

In the first half of 2019, the Group, with a long track record in metal parts, its leading technology and excellent quality, kept up its leading position in the mobile intelligent terminal market in terms of market share. However, as impacted by fierce market competition and the decline in certain client demand, the revenue and profits from metal components business decreased. During the Period, the Group's cooperation with existing clients has further deepened. 3D glass and ceramics and other businesses have grown. In particular, the Group has penetrated into the 3D glass supply chain for major Android brands, further improving its market penetration. In terms of assembly business, the Group stayed in active strategic collaboration with customers and the Group's share of assembly business significantly increased during the Period which drove revenue growth.

As to the emerging intelligent products business, the expansion of the customers' own businesses during the Period and the deepening of their cooperation with BYD have contributed to the rapid development of the Group's new intelligent product business. In terms of in car intelligent system, the Group had been actively expanding its domestic and overseas client base and had obtained satisfactory results in this regard, which will drive the growth of the automotive intelligent system business.

Rechargeable Batteries and Photovoltaic Business

The Group's rechargeable batteries include lithium-ion batteries and nickel batteries, which are widely used in portable electronic devices. During the year, the traditional battery business of the Group has seen rapid improvement with the market share continuing to increase. Due to the negative impact of increasing competition in the industry, revenue from the photovoltaic business reduced significantly, resulting in some losses of the Group. In the first half of 2019, the Group's revenue from rechargeable batteries and photovoltaic business amounted to approximately RMB3,975 million.

Prospect and Strategy

Looking forward to the second half of 2019, the downward pressure faced by global economy continues to exist and uncertainties remain. The transformation of China's economic structure will continue and the market competition environment for new energy vehicles will be increasingly intense. The elimination of weaker players will optimize industry structure and facilitate the healthy and steady growth of the industry.

Management Discussion & Analysis

Automobile Business

As a world leader in the new energy vehicles industry, BYD will continue to seize the historic opportunities brought about by the rapid growth in the global new energy vehicle industry to strengthen technology R&D and innovation while enhancing its product layout, further integrating resources, facilitating the opening-up and integration of industry value chains, enhancing its comprehensive competitiveness in various aspects such as technology, quality, brand image and operation so as to drive the rapid development of new energy vehicle business.

Looking forward, the Group will constantly optimize the product structure and launch vehicle models with more competitive edge into the market, so as to promote the overall upgrading of the new energy vehicles product line. Song Pro, the first 5-seater A-Plus SUV under the BNA structure of the Group, was launched in July this year and have attracted widespread attention in the market with its strong performance and outstanding exterior design. In addition, in the second half of 2019, the Group will successively launch the e2, e3 and brand new Qin EV model, which is expected to further stimulate the sales growth and thus stabilize the Group's leading position in the industry.

During the Period, BYD has been actively adjusting its operational strategy and continues to speed up the opening of the supply and distribution system. As of July 2019, BYD has commenced cooperation with Toyota to jointly develop electric vehicles targeting Chinese market. The two parties will give full play to their respective technological advantages and R&D experience in the fields of automobile and EIC to jointly facilitate the promotion and industrial development of pure electric vehicles. The abovementioned cooperation is a key starting point of the Group's opening-up strategy, which is pivotal to the long-term development of the Group.

In the field of public transportation, BYD will continue to actively push forward the electrification of urban public transportation at home and abroad and continue to increase the penetration of new energy vehicles in the global public transportation market with an aim to achieve breakthrough in overseas markets. In the future, the Group will steadily promote its low carbon and environmentally-friendly urban rail transportation products and the implementation and operation of confirmed orders. While maintaining the rapid growth of revenue, the Group will strive to accelerate the development of rail transportation with small and medium capacity and help resolve the increasingly serious traffic congestion, and support the development of the intelligent transportation system in the city. In addition, the Group's special use vehicles business segment will be further deepened as a result of the development trend for the electrification of special use vehicles. The continuous promotion of the electrification of dump trucks in Shenzhen is expected to set a good precedent for the nationwide promotion of electrification of special use vehicles, which will lead to new breakthroughs in businesses related to electrification of special use vehicles.

In the field of traditional fuel vehicles, the Group will, while implementing effective control of costs, continue to optimize the exterior design of vehicles and improve product performance so as to enhance the comprehensive competitiveness. In addition, with more and more internationalized design teams joining and the completion of the global design center, the levels of software and hardware in terms of vehicle design will further improve and the vehicle model design of the Group will reach a new level.

Management Discussion & Analysis

Handset Components and Assembly Business

As a world leading provider of intelligent product solutions, BYD will continue to step up its R&D efforts, speed up the innovation of its products, break through product boundaries and deepen the cooperation with clients so as to consolidate its leadership in the industry and support the long-term development of relevant businesses. The Group is expected to benefit from the consolidation and optimization of the internal supply chain by major customers to further expand the whole product assembly business. However, profitability is still under the impact of the decline in demand from certain clients. The Group is also actively expanding its new intelligent products and automotive intelligent systems business, so as to foster new business growth points, promote further diversification of business, and provide a momentum for the medium to long-term development of the Group.

Rechargeable Batteries and Photovoltaic Business

In terms of rechargeable batteries, the Group will actively promote the continued increase of its market share in relevant markets through new technology and expansion of client base. In terms of the photovoltaic business, the photovoltaic market is expected to recover in the second half of 2019 with the commencement of subsidized projects and parity projects. The Group will take this as an opportunity to expand domestic and overseas markets, so as to lay a solid foundation for the new phase of growth with high-performance and high-quality products.

Estimated Operating Results from January to September 2019

Change of net profit attributable to owners of the parent from January to September 2019	1.83%	to	14.93%
Change (in range) of net profit attributable to owners of the parent (RMB10,000) from January to September 2019	155,500	to	175,500
Net profit attributable to owners of the parent (RMB10,000) from January to September 2018	152,705		

Reasons for changes in results	In the third quarter of 2019, sales of the Company's new energy vehicles is expected to slow down and overall profit will show significant year-on-year decrease under the impact of various factors including declining demand in the automobile sector and the considerable reduction in subsidies for new energy vehicles. In terms of traditional fuel vehicle business, competition in the market remains fierce. In the third quarter, the Company will further enhance its product competitiveness by upgrading and replacing older vehicle models and facilitate the stable development of its fuel vehicle business. In the field of handset components and assembly business, the Company will continue to deepen its strategic cooperation with world-leading brand manufacturers and drive the growth of the business; however, the decline in market demand and intense market competition still placed greater pressure on the profit improvement of the business. As to photovoltaic business, with the successive delivery of order, revenue is expected to show recovery while still suffering losses to a certain extent.

Management Discussion & Analysis

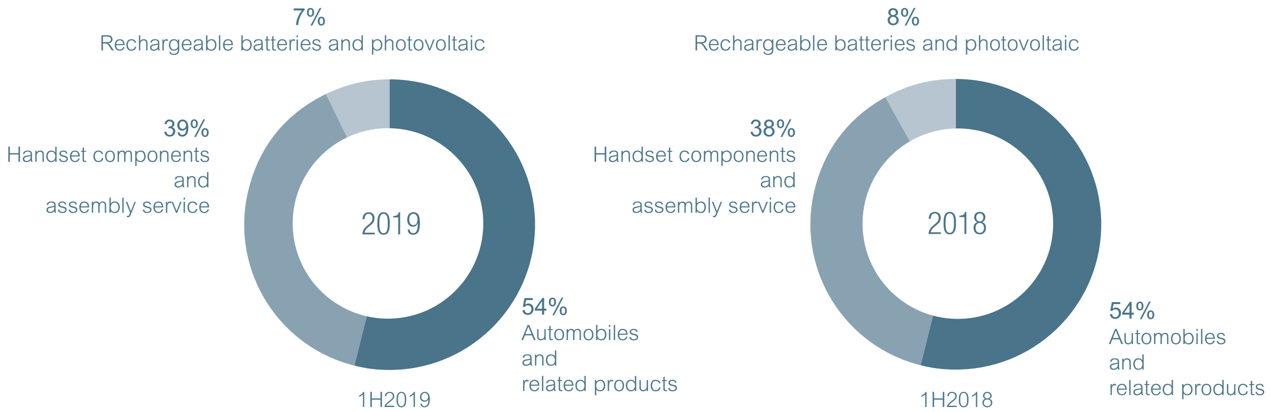
Financial Review

Revenue and Profit Attributable to Owners of the Parent

During the Period, revenue increased by 14.06% as compared to that of the first half of 2018, which is mainly due to the growth of new energy automobile business. Profit attributable to owners of the parent increased by 203.61% as compared to the same period last year, mainly due to the improvement of the new energy automobile business.

Segment Information

The chart below sets out comparisons of the Group's revenue by product category for the six months ended 30 June 2019 and 2018:



During the Period, the proportion of automobiles and related products, and the proportion of handset components and assembly business and that of rechargeable batteries and photovoltaic business basically remained unchanged.

Gross Profit and Margin

During the Period, the Group's gross profit increased by approximately 35.59% to approximately RMB9,181 million. Gross profit margin increased from approximately 13.04% in the first half of 2018 to approximately 15.50% during the Period. The increase in gross profit margin was mainly attributable to rise of new energy automobile profit.

Management Discussion & Analysis

Liquidity and Financial Resources

During the Period, the Group recorded an operating cash outflow of approximately RMB2,064 million, compared with an operating cash outflow of approximately RMB1,607 million in the first half of last year. The increase in the cash outflow of the Group recorded during the Period was mainly due to the increases in cash paid for goods purchased and services received. Total borrowings as at 30 June 2019, including all bank loans, bond payables and other secured loans, were approximately RMB78,570 million, compared with approximately RMB64,693 million as at 31 December 2018. The maturity profile of bank loans, bond payables and other secured loans spread over a period of eleven years, with approximately RMB57,447 million repayable within one year and approximately RMB7,345 million repayable in the second year, approximately RMB13,600 million repayable within the third to the fifth years and approximately RMB178 million over five years. The Group maintained adequate cash to meet its daily liquidity management and capital expenditure requirements and controlled its internal operating cash flows.

Turnover days of receivables (including trade and bills receivables, due from joint ventures and associates, due from related parties) were approximately 202 days for the six months ended 30 June 2019, compared to approximately 216 days for the same period in 2018, which was mainly due to the increase in average trade and bills receivables over the same period being lower than the increase in sales over the same period. Inventory turnover days were approximately 100 days for the six months ended 30 June 2019, compared to approximately 92 days for the same period in 2018. Change in the turnover days was mainly due to the increase in average inventory over the same period being higher than the increase in cost of sales over the same period.

The Resolution on the Authorization to the Board to Determine the Proposed Plan for the Issuance of Debt Financing Instrument(s) was considered and passed at the 2016 Annual General Meeting of the Company held on 6 June 2017. In September 2017, the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) issued a notice of acceptance of registration (Zhong Shi Xie Zhu [2017] No. SCP301) that the registration of issuance of Super Short-term Debentures with a registered amount of RMB10.0 billion by the Company has been accepted. The 2019 Super Short-term Commercial Paper Series 1 (Short Name "19BYDSCP001") were issued by the Company from 5 to 6 March 2019, with an aggregate amount of RMB2.0 billion and an interest rate of 3.89%, valid within 270 days. The 2019 Super Short-term Commercial Paper Series 5 (Short Name "19BYDSCP005") were issued by the Company on 4 June 2019, with an aggregate amount of RMB1.0 billion and an interest rate of 2.80%, valid within 30 days. The 2019 Super Short-term Commercial Paper Series 6 (Short Name "19BYDSCP006") were issued by the Company on 24 June 2019, with an aggregate amount of RMB1.0 billion and an interest rate of 2.80%, valid within 30 days.

On 13 October 2017, the Company received the Approval of the Public Offering of Corporate Bonds by BYD Company Limited to Qualified Investors (ZJXK [2017] No.1807) (《關於核准比亞迪股份有限公司向合格投資者公開發行公司債券的批復》 (證監許可[2017] 1807號)) from China Securities Regulatory Commission, pursuant to which the public offering of corporate bonds with a par value of not exceeding RMB10.0 billion by the Company to qualified investors has been approved. As at 12 April 2018, the Company publicly offered the 2018 corporate bonds (the first tranche) (Short Name "18YD01") to qualified investors with an aggregate amount of RMB3.0 billion and a fixed rate of interest at 5.17%. The interest payment shall be made once every year, and the principal will be repaid on one-off basis upon maturity. The bonds are repayable in five years. The bonds were listed on Shenzhen Stock Exchange on 4 June 2018. Investors are entitled to resell all or parts of the bonds they hold to the issuers on the third interest payment date, i.e. the end of the third year, 12 April 2021, at principal amount, alternatively, or give up sell-back options and continue to hold the bonds. As at 22 August 2018, the Company publicly offered the 2018 corporate bonds (the second tranche) (Short Name "18YD02") to qualified investors with an aggregate amount of RMB1.6 billion and a coupon rate of 5.75%. The interest payment shall be made once every year, and the principal will be repaid on one-off basis upon maturity. The bonds are repayable in four years. The bonds were listed on Shenzhen Stock Exchange on 25 September 2018. Investors are entitled to resell all or parts of the bonds they hold to the issuers on the second interest payment date, i.e. the end of the second year, 22 August 2020, at principal amount, alternatively, or give up sell-back options and continue to hold the bonds. On 22 February 2019, the Company publicly offered 2019 corporate bonds (first tranche) (Short Name "19YD01") to qualified investors, with an aggregate amount of RMB2.5 billion and a coupon rate of 4.60%. The interest payment shall be made once every year, and the principal will be repaid on one-off basis upon maturity. The bonds are repayable in five years. The bonds were listed on the Shenzhen Stock Exchange on 13 March 2019. Investors are entitled to resell all or parts of the bonds they hold to the issuers on the third interest payment date, i.e. the end of the third year, 22 February 2022, at principal amount, alternatively, or give up sell-back options and continue to hold the bonds.

Management Discussion & Analysis

The Resolution on the Authorization to the Board of the Company to Determine the Proposed Plan for the Issuance of Debt Financing Instrument(s) was considered and passed at the first extraordinary general meeting of 2018 held on 9 May 2018. On 23 November 2018, the Company received the Approval from the National Development and Reform Commission of the Issuance of Green Bonds by Shenzhen BYD Company Limited (Fa Gai Qi Ye Zhai Quan No. [2018]162) (《國家發展改革委關於深圳市比亞迪股份有限公司發行綠色債券核准的批復》 (發改企業債券[2018]162號)) issued by the National Development and Reform Commission, whereby the Company was permitted to issue green bonds with an amount not exceeding RMB6.0 billion. The 2019 Green Corporate Bonds Series 1 (Short Name "19BYDGB01") were issued by the Company on 12 June 2019, with an aggregate amount of RMB1.0 billion and a coupon rate of 4.86%. This tranche of bonds bears a fixed interest rate. The interest payment shall be made once every year, and the principal will be repaid on one-off basis upon maturity. The bonds are repayable in five years. The bonds were listed on the Shenzhen Stock Exchange on 11 July 2019. Investors are entitled to resell all or parts of the bonds they hold to the issuers on the third interest payment date, i.e. the end of the third year, 14 June 2022, at principal amount, alternatively, or give up sell-back options and continue to hold the bonds.

On 13 December 2018, the Company received the Approval of the Public Offering of Renewable Corporate Bonds by BYD Company Limited to Qualified Investors (Zheng Jian Xu Ke No. [2018]2070) (《關於核准比亞迪股份有限公司向合格投資者公開發行可續期公司債券的批復》 (證監許可[2018]2070號)) issued by the China Securities Regulatory Commission, whereby the Company was permitted to publicly offer renewable corporate bonds with a total par value not exceeding RMB5.0 billion to qualified investors. As at 21 June 2019, the Company publicly offered the 2019 Renewable Corporate Bonds (first tranche) (Short Name "19YD01") to qualified investors, with an aggregate amount of RMB500 million. The coupon rate is 6.20%. It has a basic term of two years, with every two interest-incurring years constituting one term. At the end of each term, the issuer is entitled to extend the bonds for one additional term (i.e. two years), or to redeem the bonds in full as they matured at the end of the term. The bonds were listed on the Shenzhen Stock Exchange on 4 July 2019. In the event that the issuer does not exercise the option for deferred interest payment, the interest payment date shall be 21 June of each year.

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 the senior management. As at 30 June 2019, borrowings were primarily settled in Renminbi, while cash and cash equivalents were primarily held in Renminbi and US dollars. The Group plans to maintain an appropriate mix of share capital and debt to ensure an efficient capital structure during the Period. As at 30 June 2019, the Group's outstanding loans included Renminbi loans and foreign currency loans and approximately 77% (31 December 2018: 73%) of such outstanding loans were at fixed interest rates, with the remaining at floating interest rates.

The Group monitors its capital by using 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. Therefore, the gearing ratios of the Group were 132% and 104% as at 30 June 2019 and 31 December 2018, respectively.

As at 30 June 2019, land and buildings with net carrying amount value of RMB208,237 thousand (31 December 2018: RMB220,370 thousand) has been pledged as securities for the long term loans of RMB132,682 thousand (31 December 2018: RMB143,018 thousand) granted to the Group, of which RMB6,695 thousand (31 December 2018: RMB8,179 thousand) was long term loans due within a year.

Management Discussion & Analysis

Foreign Exchange Risk

Most of the Group's income and expenditure are settled in Renminbi and US dollars. During the Period, the Group did not experience any significant difficulties in or impacts on 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 practical and effective measures to prevent exposure to exchange rate risk.

Employment, Training and Development

As at 30 June 2019, the Group had employed approximately 220,000 employees. During the Period, total staff cost accounted for approximately 18.76% of the Group's revenue. Employees' remuneration was determined based on their performance, qualification and prevailing industry practices, with compensation policies being reviewed on a regular basis. Bonuses and commissions may also be awarded to employees based on their annual performance appraisal. Incentives were offered to encourage personal development.

Share Capital

As at 30 June 2019, the share capital of the Company was as follows:

	Number of shares issued	Percentage (%)
A shares	1,813,142,855	66.46
H shares	915,000,000	33.54
Total	2,728,142,855	100.00

Significant Investment Held and Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the reporting period, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures.

Capital Commitments

Please refer to note 14 to the financial statements for details of capital commitments.

Contingent Liabilities

Please refer to note 13 to the financial statements for details of contingent liabilities.

Events after the Reporting Period

Please refer to note 17 to the financial statements for details of events after the Reporting Period.

Supplementary Information

Corporate Governance

Compliance with Corporate Governance Code (the "Code")

The Board of Directors of the Company (the "Board") is committed to maintaining and ensuring high standards of corporate governance practices.

The Board has emphasized on maintaining a quality Board with various expertise among directors, high transparency and an effective system for accountability, in order to enhance shareholders' value. The Board is of the view that the Company has complied with the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules during the Period except for the following deviation:

Code A.2.1

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

Mr. Wang Chuan-fu is the Chairman and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of rights and authorities between the Board and the management. The Board of the Company comprises experienced and high calibre individuals and meets regularly every three months to discuss issues affecting operations of the Group. Through the operation of the Board, a sufficient balance between rights and authorities is assured. The Board believes that this structure is conducive to a 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 his appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business development of the Company.

Code A.6.7

Code A.6.7 stipulates that independent non-executive Directors and non-executive Directors should attend general meetings. Due to other official duties, not all non-executive directors attended the annual general meeting held on 6 June 2019.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. After making specific enquiries to all directors, all directors have confirmed that they have complied with the required standards set out in the Model Code during the Period.

Supplementary Information

Disclosure Pursuant to Rule 13.51B (1) of the Listing Rules

Since the publication of the latest annual report of the Company, Mr. Wang Zi-dong has retired as an independent director of Cangzhou Mingzhu Plastic Co., Ltd (滄州明珠塑料股份有限公司) (stock code: 002108) on 8 July 2019.

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

The Board Diversity Policy

The Board has adopted the Board Diversity Policy, which sets out the approach to diversity of Board members. The Company recognizes the importance of diversity to corporate governance and an effective Board. The Board Diversity Policy aims to set out the approach to achieve Board diversity, so as to ensure that the Board members possess appropriate skills, experience and diverse views necessary for the business of the Company. In determining the Board composition, the Board and the Nomination Committee consider a range of diversity elements, including but not limited to gender, age, cultural and educational 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 candidates will be based on a range of diversity elements and measurable objectives which will be reviewed regularly. Such measurable objectives shall include, but not be limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and/or terms of service. The final decision will be made according to the strengths of the candidate and his/her contribution that he/she would bring to the Board.

Audit Committee

The Audit Committee consists of three independent non-executive directors and one non-executive director. A meeting was convened by the Company's Audit Committee on 21 August 2019 to review the accounting policies and practices adopted by the Group and to discuss matters of auditing, internal control, risk management and financial reporting (including the financial statements for the six months ended 30 June 2019) before making recommendations to the Board for approval of the relevant matters.

The Audit Committee has reviewed the results of the Group for the six months ended 30 June 2019.

Interim Dividend

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2019 (For the six months ended 30 June 2018: Nil).

Supplementary Information

Directors', Supervisors' and Chief Executives' Interests

As at 30 June 2019, 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which were taken or deemed to be owned under the relevant provisions of the SFO), or which were required to be recorded in the register specified in section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as applicable to the supervisors) were as follows:

A Shares of RMB1.00 each

Name	Number of A shares	Approximate percentage of shareholding in the total number of issued A shares (%)	Approximate percentage of shareholding in the total issued share capital (%)
Wang Chuan-fu (Director)	513,623,850 (L) *(Note 1)*	28.33%	18.83%
Lv Xiang-yang (Director)	401,910,480 (L) *(Note 2)*	22.17%	14.73%
Xia Zuo-quan (Director)	101,377,432 (L)	5.59%	3.72%

(L) – Long Position

Notes:

1. The 513,623,850 A shares did not comprise the 3,727,700 A shares held by Mr. Wang in Zengchi No.1 Assets Management Plan through E Fund Asset BYD.

2. Of the 401,910,480 A shares, 239,228,620 A shares were held by Mr. Lv in his personal capacity and 162,681,860 A shares were held by Youngy Investment Holding Group Co., Ltd. (融捷投資控股集團有限公司) ("Youngy Investment"). Youngy Investment was in turn held by Mr. Lv and his spouse as to 89.5% and 10.5% of equity interest, respectively. Mr. Lv was therefore deemed to be interested in such 162,681,860 A shares under the SFO.

Supplementary Information

H shares of RMB1.00 each

Name	Number of H shares	Approximate percentage of shareholding in the total number of issued H shares (%)	Approximate percentage of shareholding in the total issued share capital (%)
Wang Chuan-fu (Director)	1,000,000 (L)	0.11%	0.04%
Xia Zuo-quan (Director)	500,000 (L) *(Note 1)*	0.05%	0.02%

(L) – Long Position

Note:

1. Of the 500,000 H shares, 195,000 H shares were held by Mr. Xia as a beneficial owner and 305,000 H shares were held by Sign Investments Limited, which was wholly-owned by Mr. Xia.

Saved as disclosed above, as at 30 June 2019, 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Supplementary Information

Shareholders with Notifiable Interests

As at 30 June 2019, to the best knowledge of 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 or entered in the register kept by the Company pursuant to Section 336 of the SFO:

1. A shares of RMB1.00 each

Name	Number of A shares	Approximate percentage of shareholding in the total number of issued A shares (%)	Approximate percentage of shareholding in the total issued share capital (%)
Youngy Investment (Note 1)	162,681,860 (L)	8.97%	5.96%

(L) – Long Position

Note:

1. Youngy Investment was owned by Mr. Lv Xiang-yang, a non-executive director of the Company as to 89.5%. Mr. Lv was therefore deemed to be interested in the 162,681,860 A shares held by Youngy Investment under the SFO.

Supplementary Information

2. H shares of RMB1.00 each

Name	Number of H shares	Approximate percentage of shareholding in the total number of issued H shares (%)	Approximate percentage of shareholding in the total issued share capital (%)
Berkshire Hathaway Inc. *(Note 1)*	225,000,000 (L)	24.59%	8.25%
Berkshire Hathaway Energy *(Note 1)*	225,000,000 (L)	24.59%	8.25%
Li Lu *(Note 2)*	75,387,200 (L)	8.24%	2.76%
LL Group, LLC *(Note 2)*	75,387,200 (L)	8.24%	2.76%
Citigroup Inc. *(Note 3)*	54,218,020 (L)	5.92%	1.99%
	14,750,715 (S)	1.61%	0.54%
	32,930,932 (P)	3.59%	1.21%

(L) – Long Position (S) – Short Position (P) – Lending Port

Notes:

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

2. LL Group, LLC was deemed to be interested in 75,387,200 H shares (L) through its controlled corporation, Himalaya Capital Investors, L.P. (formerly known as LL Investment Partners, L.P.). Li Lu, being the controlling shareholder of Capital Investors, L.P. (formerly known as LL Group, LLC), was also deemed to be interested in 75,387,200 H shares (L).

3. Citigroup Inc. held a total of 54,218,020 H shares of the Company in long position and 14,750,715 H shares of the Company in short position through corporation under its control, among which:

   (a) 133,500 H shares in long position were held as a person holding security interest in shares, 21,153,588 H shares in long position and 14,750,715 H shares in short position were held as interest of controlled corporation, 32,930,932 H shares in long position were held as an approved lending agent;

   (b) among the 54,218,020 H shares in long position, 32,930,932 H shares were available for lending, 28,703 H shares were held through listed derivatives settled in specie, 435,779 H shares were held through unlisted derivatives settled in specie, 2,742,978 H shares were held through cash-settled unlisted derivatives;

   (c) among the 14,750,715 H shares in short position, 388,930 H shares were held through unlisted derivatives settled in specie, 236,372 H shares were held through cash-settled unlisted derivatives;

   (d) 11,891,166 H shares in long position and 2,924,518 H shares in short position were held by Citigroup Global Markets Limited. Citigroup Global Markets Limited is wholly owned by Citigroup Global Markets Holdings Bahamas Limited, which is owned as to 90% by Citigroup Financial Products Inc. Citigroup Financial Products Inc. is wholly owned by Citigroup Global Markets Holdings Inc., which is wholly owned by Citigroup Inc. Therefore, Citigroup Inc. is deemed to be interested in the shares held by Citigroup Global Markets Limited under the SFO.

As at 30 June 2019, the total issued share capital of the Company was RMB2,728,142,855, divided into 1,813,142,855 A shares of RMB1.00 each and 915,000,000 H shares of RMB1.00 each, all of which have been fully paid up.

Interim Condensed Consolidated Statement of Profit or Loss

For the Six Months ended 30 June 2019

	Notes	**2019 (Unaudited) RMB'000**	2018 (Unaudited) RMB'000
REVENUE	4	**59,214,976**	51,914,052
Cost of sales		**(50,034,172)**	(45,142,966)
Gross profit		**9,180,804**	6,771,086
Other income and gains		**944,769**	1,102,533
Government grants and subsidies		**899,830**	894,498
Selling and distribution expenses		**(2,300,530)**	(2,142,749)
Research and development costs		**(2,495,223)**	(2,079,169)
Administrative expenses		**(2,137,245)**	(1,776,819)
Impairment losses on financial and contract assets		**(207,992)**	(93,043)
Loss on disposal of financial assets measured at amortised cost		**(263,813)**	(23,914)
Other expenses		**(53,221)**	(106,738)
Finance costs		**(1,601,399)**	(1,432,074)
Share of profits and losses of:			
Joint ventures		**(117,746)**	(41,332)
Associates		**25,414**	14,775
PROFIT BEFORE TAX	5	**1,873,648**	1,087,054
Income tax expense	6	**(225,342)**	(212,693)
PROFIT FOR THE PERIOD		**1,648,306**	874,361
Attributable to:			
Owners of the parent		**1,454,573**	479,099
Non-controlling interests		**193,733**	395,262
		1,648,306	874,361
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For profit for the period		**RMB0.49**	RMB0.13

Interim Condensed Consolidated Statement of Comprehensive Income

For the Six Months ended 30 June 2019

	Notes	**2019 (Unaudited) RMB'000**	2018 (Unaudited) RMB'000
PROFIT FOR THE PERIOD		**1,648,306**	874,361
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Debt instruments at fair value through other comprehensive income:			
Changes in fair value		**17,424**	–
Reclassification adjustments for gain included in the consolidated income statement of profit or loss:			
Impairment losses		**(5,080)**	(2,530)
		12,344	(2,530)
Exchange differences:			
Exchange differences on translation of foreign operations		**(5,361)**	(45,856)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**6,983**	(48,386)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value		**232,495**	(470,210)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**232,495**	(470,210)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**239,478**	(518,596)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,887,784**	355,765
Attributable to:			
Owners of the parent		**1,693,300**	(35,730)
Non-controlling interests		**194,484**	391,495
		1,887,784	355,765

Interim Condensed Consolidated Statement of Financial Position

30 June 2019

	Notes	30 Jun 2019 (Unaudited) RMB'000	31 Dec 2018 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	51,761,987	49,484,582
Investment properties		98,265	90,066
Right-of-use assets		7,372,163	–
Prepaid land lease payments		–	6,277,475
Goodwill		65,914	65,914
Other intangible assets		11,082,142	10,272,067
Prepayments, other receivables and other assets		6,033,360	4,233,402
Long-term receivables		1,696,018	2,134,405
Investments in joint ventures		2,883,602	2,793,681
Investments in associates		935,873	767,199
Equity investments at fair value through other comprehensive income		1,915,376	1,620,969
Financial assets at fair value through profit or loss		95,574	83,509
Deferred tax assets		1,609,695	1,388,314
Total non-current assets		85,549,969	79,211,583
CURRENT ASSETS			
Inventories		28,047,626	26,330,345
Contract assets		6,945,928	6,300,286
Trade receivables	10	47,745,654	44,240,183
Debt investments at fair value through other comprehensive income		3,607,569	7,773,025
Prepayments, other receivables and other assets		7,349,658	5,663,811
Due from joint ventures and associates	15(c)	5,889,133	7,823,768
Due from related parties	15(c)	123,774	224,854
Completed property held for sale		3,526,604	3,950,676
Derivative financial instruments		14,387	451
Pledged deposits		1,314,732	1,583,861
Restricted bank deposits		79,261	317,177
Cash and cash equivalents		9,729,486	11,151,057
Total current assets		114,373,812	115,359,494
CURRENT LIABILITIES			
Trade and bills payables	11	36,065,681	45,222,321
Other payables and accruals		11,907,065	13,012,545
Lease liabilities		226,979	–
Derivative financial instruments		21,765	8,559
Advances from customers		2,500	2,300
Contract liabilities		3,058,518	3,469,114
Deferred income		–	615,367
Interest-bearing bank and other borrowings		57,446,672	50,768,422
Due to joint ventures and associates	15(c)	753,503	1,308,349
Due to related parties	15(c)	97,711	79,286
Tax payable		305,644	228,085
Provision		2,063,785	1,854,627
Total current liabilities		111,949,823	116,568,975
NET CURRENT ASSETS/LIABILITIES		2,423,989	(1,209,481)

Continued/...

Interim Condensed Consolidated Statement of Financial Position

30 June 2019

	Notes	**30 Jun 2019 (Unaudited) RMB'000**	31 Dec 2018 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**87,973,958**	78,002,102
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**21,123,694**	13,924,380
Deferred tax liabilities		**86,615**	66,308
Deferred income		**2,967,020**	1,921,949
Lease liabilities		**363,234**	–
Other liabilities		**1,204,535**	1,395,486
Total non-current liabilities		**25,745,098**	17,308,123
Net assets		**62,228,860**	60,693,979
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	**2,728,143**	2,728,143
Reserves		**49,566,332**	48,574,346
Perpetual loans		**4,394,592**	3,895,800
		56,689,067	55,198,289
Non-controlling interests		**5,539,793**	5,495,690
Total equity		**62,228,860**	60,693,979

Interim Condensed Consolidated Statement of Changes in Equity

For the Six Months ended 30 June 2018

	Attributable to owners of the parent										
	Issued capital (Unaudited) RMB'000	Share premium account (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Fair value reserve (Unaudited) RMB'000	Statutory surplus reserve fund (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Perpetual loan (Unaudited) RMB'000	Total (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
At 31 December 2017	2,728,143	19,980,490	4,626,697	1,260,272	3,410,962	(132,894)	19,234,724	3,895,800	55,004,194	4,953,293	59,957,487
The effect of adoption of HKFRS 9				10,034	(11,796)		(449,439)		(451,201)		(451,201)
At 1 January 2018	2,728,143	19,980,490	4,626,697	1,270,306	3,399,166	(132,894)	18,785,285	3,895,800	54,552,993	4,953,293	59,506,286
Profit for the period	–	–	–		–	–	479,099	–	479,099	395,262	874,361
Change in fair value of other non-current financial assets, net of tax	–	–		(470,210)	–	–	–	–	(470,210)	–	(470,210)
Expected credited loss for other debt instruments	–	–		(2,530)	–	–	–	–	(2,530)	–	(2,530)
Exchange differences on translation of foreign operations	–	–	–		–	(42,089)	–	–	(42,089)	(3,767)	(45,856)
Total comprehensive income for the period	–	–		(472,740)	–	(42,089)	479,099	–	(35,730)	391,495	355,765
Deemed disposal of a joint venture and an associate	–	–	11,631		–	–	–	–	11,631	–	11,631
Perpetual loan interest paid	–	–	–		–	–	(134,643)	–	(134,643)	–	(134,643)
2017 Final dividend declared	–	–	–		–	–	(384,668)	–	(384,668)	(202,507)	(587,175)
The government subsidies designated to increase the capital reserve	–	–	241		–	–	(241)	–	–	–	–
At 30 June 2018	2,728,143	19,980,490	4,638,569	797,566	3,399,166	(174,983)	18,744,832	3,895,800	54,009,583	5,142,281	59,151,864

Continued/...

Interim Condensed Consolidated Statement of Changes in Equity

For the Six Months ended 30 June 2019

	Attributable to owners of the parent										
	Share capital RMB'000 (Unaudited) (note 12)	Share premium account RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Fair value reserve RMB'000 (Unaudited)	Statutory surplus reserve fund RMB'000 (Unaudited)	Exchange fluctuation reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Perpetual loans RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000
At 31 December 2018 (audited)	2,728,143	20,018,081	4,639,256	(226,531)	3,843,616	(197,109)	20,497,033	3,895,800	55,198,289	5,495,690	60,693,979
Effect of adoption of HKFRS 16	–	–	–	–	–	–	–	–	–	–	–
At 1 January 2019 (unaudited)	2,728,143	20,018,081	4,639,256	(226,531)	3,843,616	(197,109)	20,497,033	3,895,800	55,198,289	5,495,690	60,693,979
Profit for the period	–	–	–	–	–	–	1,454,573	–	1,454,573	193,733	1,648,306
Change in fair value of debt instruments at fair value through other comprehensive income	–	–	–	12,344	–	–	–	–	12,344	–	12,344
Other comprehensive income for the period:											
Change in fair value of equity investments at fair value through other comprehensive income	–	–	–	232,495	–	–	–	–	232,495	–	232,495
Exchange differences on translation of foreign operations	–	–	–	–	–	(6,112)	–	–	(6,112)	751	(5,361)
Total comprehensive income for the period	–	–	–	244,839	–	(6,112)	1,454,573	–	1,693,300	194,484	1,887,784
Issue of a perpetual loan	–	–	–	–	–	–	–	498,792	498,792	–	498,792
Perpetual loan interest	–	–	–	–	–	–	(135,705)	–	(135,705)	–	(135,705)
2018 Final dividend declared	–	–	–	–	–	–	(556,541)	–	(556,541)	(150,441)	(706,982)
Appropriation to statutory surplus reserve fund	–	–	–	–	–	–	–	–	–	–	–
Government subsidies designated to increase the capital reserve	–	–	194	–	–	–	(194)	–	–	–	–
Others	–	–	(9,068)	–	–	–	–	–	(9,068)	60	(9,008)
At 30 June 2019	2,728,143	20,018,081	4,630,382	18,308	3,843,616	(203,221)	21,259,166	4,394,592	56,689,067	5,539,793	62,228,860

* These reserve accounts comprise the consolidated reserves of RMB49,566,332,000 (31 December 2018: RMB48,574,346,000) in the consolidated statement of financial position

Interim Condensed Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2019

	Notes	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,873,648	1,087,054
Adjustments for:			
Finance costs		1,601,399	1,455,988
Share of profits and losses of joint ventures and associates		92,332	26,557
Interest income		(152,961)	(67,379)
Dividend income from equity investments at fair value through other comprehensive income		(1,200)	–
Government grants and subsidies		(139,805)	(184,988)
Loss on disposal of items of non-current assets		26,038	22,837
Gain on disposal of subsidiaries		–	(403,868)
Fair value (gain)/loss, net:			
Derivative financial instruments		(4,794)	15,981
Loss on disposal of equity investments at fair value through other comprehensive income		–	1,903
Gain on disposal of finance products		(13,922)	(20,149)
Gain on disposal of an investment in a jointly-controlled entity		(67,692)	–
Depreciation of property, plant and equipment		3,981,976	3,656,158
Depreciation of right-of-use assets		174,064	70,059
Amortisation of other intangible assets		726,497	764,428
Write-down of inventories to net realisable value		180,882	125,113
Amortization of an investment property		1,769	1,199
Impairment of trade receivables		346,683	185,474
Impairment losses of trade receivables reversed		(119,853)	(89,901)
Impairment of Prepayments, deposits and other reversed, net		(4,788)	(2,530)
Impairment of due from the joint ventures and associates		4,128	–
Impairment losses of the joint ventures and associates reversed		(28,156)	–
Impairment of due from the related parties, net		(1,550)	–
Impairment of long term receivables		23,560	–
Impairment of contract assets reversed		(12,032)	–
		8,486,223	6,643,936

Continued/...

Interim Condensed Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2019

	Notes	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Increase in inventories		(1,820,510)	(5,249,684)
Decrease in restricted bank deposits		68,154	–
(Increase)/Decrease in trade receivables and debt investments at fair value through other comprehensive income		(3,157,551)	1,467,703
Decrease in prepayments, other receivables and other assets		2,170,091	267,995
Increase in contract assets		(633,610)	–
Decrease/(Increase) in amounts due from joint ventures and associates		1,958,663	(5,311,503)
Decrease in amounts due from related parties		102,627	7,849
Decrease/(Increase) in long-term receivables		414,827	(216,356)
Decrease in a completed property held for sale		424,072	598
Decrease in trade and bills payables		(9,297,782)	(914,072)
Decrease in other payables and accruals		(173,297)	(665,782)
Increase in accruals and deferred income		680,518	286,580
(Decrease)/increase in amounts due to jointly-controlled entities		(796,173)	326,059
(Decrease)/increase in contract liabilities		(410,596)	2,127,290
Increase/(decrease) in amounts due to related parties		18,425	(15,758)
Increase in provision for warranties		209,158	176,804
Cash generated from operations		(1,756,761)	(1,068,341)
Interest received		152,961	67,379
Taxes paid		(460,703)	(605,617)
Net cash flows from operating activities		(2,064,503)	(1,606,579)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(5,250,286)	(3,310,684)
Additions in non-current prepayments		(4,346,061)	(3,059,723)
Increase prepaid land lease payments include in right-of-use assets		(595,318)	(225,165)
Receipt of government grants		–	149,627
Disposal of subsidiaries		–	127,807
Additions in derivative financial instruments		–	(1,903)
Additions to other intangible assets		(1,478,783)	(1,688,359)
Dividend received from equity investments		7,821	7,607
Proceeds from disposal of items of property, plant and equipment and other intangible assets		165,699	182,809
Acquisition of subsidiaries		–	(23,296)
Receipt of disposal of financial products		13,922	20,149
Capital contributions to associates		(154,700)	–
Capital contributions to joint ventures		(384,339)	(277,420)
Capital contributions to equity investments at fair value through other comprehensive income		(8,000)	(6,000)
Net cash flows used in investing activities		(12,030,045)	(8,104,551)

Continued/...

Interim Condensed Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2019

	Notes	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of perpetual loans		498,792	–
Proceeds from issue of bonds		10,500,000	7,000,000
Bond issue expenses		(16,124)	(15,642)
New bank loans		38,955,597	30,222,700
Repayment of bank loans		(26,283,104)	(24,883,372)
Repayment of bond		(9,500,000)	–
Interest paid		(1,740,235)	(1,311,690)
Perpetual loan interests paid		(135,705)	(134,643)
Dividends paid		–	(25,060)
Decrease/(increase) in pledged deposits		438,891	(61,912)
Receipt of shares transfer to non-controlling investors		60	–
Principal portion of lease payments		(56,806)	–
Net cash flows from financing activities		12,661,366	10,790,381
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,433,182)	1,079,251
Cash and cash equivalents at beginning of period		11,151,057	8,935,954
Effect of foreign exchange rate changes, net		11,611	14,830
CASH AND CASH EQUIVALENTS AT END OF PERIOD		9,729,486	10,030,035

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

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, Dapeng District, Shenzhen, Guangdong Province, the PRC.

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures and HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

Notes to Interim Condensed Consolidated Financial Information

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2.2 Changes in Accounting Policies and Disclosures (continued)

(a) Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

Notes to Interim Condensed Consolidated Financial Information

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2.2 Changes in Accounting Policies and Disclosures (continued)

(a) Adoption of HKFRS 16 (continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land, buildings and equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under prepayment on land use right of RMB 6,277,475,000 that were reclassified from prepaid land lease payments.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

2.2 Changes in Accounting Policies and Disclosures (continued)

(a) Adoption of HKFRS 16 (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	6,883,306
Decrease in prepaid land lease payments	(6,277,475)
Decrease in prepayments, other receivables and other assets	(36,754)
Increase in total assets	569,077
Liabilities	
Increase in lease liabilities	569,077
Increase in total liabilities	569,077
Decrease in retained earnings	–

Notes to Interim Condensed Consolidated Financial Information

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2.2 Changes in Accounting Policies and Disclosures (continued)

(a) Adoption of HKFRS 16 (continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	743,996
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	49,841
Commitments relating to leases of low-value assets	11,831
Adjusted operating lease commitments as at 1 January 2019	682,324
Weighted average incremental borrowing rate as at 1 January 2019	4.83%
Lease liabilities as at 1 January 2019	569,077

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

2.2 Changes in Accounting Policies and Disclosures (continued)

(a) Adoption of HKFRS 16 (continued)

Summary of new accounting policies (continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

2.2 Changes in Accounting Policies and Disclosures (continued)

(a) Adoption of HKFRS 16 (continued)

Summary of new accounting policies (continued)

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follow:

	Right-of-use assets				Lease liabilities
	Buildings	Land use rights	Equipment	Subtotal	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2019	592,261	6,277,475	13,570	6,883,306	569,077
Additions	77,369	595,612	1,847	674,828	77,672
Depreciation charge	(95,929)	(87,794)	(2,249)	(185,972)	–
Interest expense	–	–	–	–	14,558
Payments	–	–	–	–	(71,094)
As at 30 June 2019	573,701	6,785,293	13,168	7,372,162	590,213

The Group recognised rental expenses from short-term leases of RMB578,694,000 and leases of low-value assets of RMB1,727,000 for the six months ended 30 June 2019.

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

2.2 Changes in Accounting Policies and Disclosures (continued)

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

3. Operating Segment Information

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

(a) the rechargeable batteries and photovoltaic business segment comprises the manufacture and sale of lithium-ion batteries and nickel batteries, photovoltaic products and iron batteries products (including energy storage stations and iron battery pack), principally for mobile phones, electric tools and other portable electronic instruments, photovoltaic products, energy storage products and electric vehicles;

(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; and

(c) the automobiles and related products segment comprises the manufacture and sale of automobiles and auto-related moulds and components and automobiles leasing and after sales service, also including "Skyrail" related business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 finance costs, interest income, government grants and subsidies, as well as head office and corporate expenses and gains are excluded from such measurement.

Segment assets exclude deferred tax assets, goodwill, dividend receivable, interest receivable, equity investments at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial instruments, investment properties and other unallocated head office and corporate assets, as these assets are managed on a group basis.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

3. Operating Segment Information (continued)

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

Transfer pricing in operating segment is determined with reference to the agreed price among operation segments.

Six months ended 30 June 2019	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Corporate and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)					
Sales to external customers	3,975,293	23,001,793	32,237,890	–	59,214,976
Intersegment sales	7,795,592	813,710	804,597	–	9,413,899
Other revenue, including other gross income from sales of properties and raw materials and disposal of scrap materials	461,904	251,710	1,068,533	418,571	2,200,718
Taxes and surcharges	15,857	69,945	675,600	7,167	768,569
	12,248,646	24,137,158	34,786,620	425,738	71,598,162
Reconciliation:					
Elimination of intersegment sales					(9,413,899)
Elimination of other gross income					(2,200,718)
Elimination of taxes and surcharges					(768,569)
Revenue – sales to external customers					59,214,976
Segment results	248,013	613,340	2,381,607	5,907	3,248,867
Reconciliation:					
Elimination of intersegment results					(280,603)
Interest income					146,604
Dividend income and unallocated gains					854,887
Corporate and other unallocated expenses					(494,708)
Finance costs					(1,601,399)
Profit before tax					1,873,648

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

3. Operating Segment Information (continued)

Six months ended 30 June 2018	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Corporate and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue					
Sales to external customers	4,160,882	19,975,591	27,777,579	–	51,914,052
Intersegment sales	6,754,729	642,272	640,905	–	8,037,906
Other revenue, including other gross income from sales of properties and raw materials and disposal of scrap materials	347,033	297,443	741,937	2,426	1,388,839
Taxes and surcharges	18,012	123,599	706,420	8	848,039
	11,280,656	21,038,905	29,866,841	2,434	62,188,836
Reconciliation:					
Elimination of intersegment sales					(8,037,906)
Elimination of other gross income					(1,388,839)
Elimination of taxes and surcharges					(848,039)
Revenue – sales to external customers					51,914,052
Segment results	81,656	1,358,758	326,930	674	1,768,018
Reconciliation:					
Elimination of intersegment results					(230,630)
Interest income					67,379
Dividend income and unallocated gains					1,407,904
Corporate and other unallocated expenses					(493,543)
Finance costs					(1,432,074)
Profit before tax					1,087,054

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

3. Operating Segment Information (continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively.

Six months ended 30 June 2019	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Corporate and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	36,423,668	28,011,271	127,917,113	–	192,352,052
Reconciliation:					
Elimination of intersegment receivables					(3,969,628)
Elimination unrealised profit of intersegment sales					(1,797,627)
Corporate and other unallocated assets					13,338,984
Total assets					199,923,781
Segment liabilities	15,837,842	10,741,346	32,180,510	–	58,759,698
Reconciliation:					
Elimination of intersegment payables					(3,969,628)
Corporate and other unallocated liabilities					82,904,851
Total liabilities					137,694,921

Other segment information:

	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Corporate and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 30 June 2019					
Investments in joint ventures	295,154	–	2,588,447	–	2,883,601
Investments in associates	445,724	–	490,150	–	935,874
Six months ended 30 June 2019					
Share of (profits)/losses of:					
Joint ventures	(3,040)	–	120,786	–	117,746
Associates	7,513	–	(32,927)	–	(25,414)
Impairment losses recognised in the statement of profit or loss	125,763	47,690	7,429	–	180,882
Credit losses recognised in the statement of profit or loss	177,440	473	30,079	–	207,992
Depreciation and amortisation	1,207,609	1,189,668	2,487,029	–	4,884,306
Capital expenditure	3,858,529	1,364,199	5,649,571	–	10,872,299

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

3. Operating Segment Information (continued)

Year ended 31 December 2018	Rechargeable batteries and photovoltaic business RMB'000 (Audited)	Mobile handset components and assembly service RMB'000 (Audited)	Automobiles and related products RMB'000 (Audited)	Corporate and others RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	30,687,006	29,668,125	126,343,092	–	186,698,223
Reconciliation:					
Elimination of intersegment receivables					(3,103,897)
Elimination unrealised profit of intersegment sales					(859,038)
Corporate and other unallocated assets					11,835,789
Total assets					194,571,077
Segment liabilities	13,920,446	12,891,789	39,730,381	–	66,542,616
Reconciliation:					
Elimination of intersegment payables					(3,103,897)
Corporate and other unallocated liabilities					70,438,379
Total liabilities					133,877,098

Other segment information:

	Rechargeable batteries and photovoltaic business RMB'000	Mobile handset components and assembly service RMB'000	Automobiles and related products RMB'000	Corporate and others RMB'000	Total RMB'000
Year ended 31 December 2018 (Audited)					
Investments in joint ventures	292,114	–	2,501,567	–	2,793,681
Investments in associates	401,236	–	365,963	–	767,199
Six months ended 30 June 2018 (Unaudited)					
Share of (profits)/losses of:					
Joint ventures	(1,959)	–	43,291	–	41,332
Associates	(1,865)	–	(12,910)	–	(14,775)
Impairment losses recognised in the statement of profit or loss	79,744	42,544	2,825	–	125,113
Credit losses recognised in the statement of profit or loss	11,693	21,115	60,235	–	93,043
Depreciation and amortisation	802,916	1,141,698	2,547,230	–	4,491,844
Capital expenditure	2,418,676	1,377,979	4,797,478	–	8,594,133

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue from contracts with customers		
Sale of goods	59,178,586	51,885,114
Rendering of services	36,390	28,938
	59,214,976	51,914,052

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2019 Segments	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or services				
Sale of goods	3,975,293	23,001,793	32,201,500	59,178,586
Rendering of service	–	–	36,390	36,390
Total revenue from contracts with customers	3,975,293	23,001,793	32,237,890	59,214,976
Geographical markets				
The PRC (including Hong Kong, Macau and Taiwan)	1,636,270	18,735,804	30,832,861	51,204,935
Asia (excluding the PRC)	1,275,184	2,827,553	158,706	4,261,443
United States of America	158,505	870,509	306,642	1,335,656
Other countries/regions	905,334	567,927	939,681	2,412,942
Total revenue from contracts with customers	3,975,293	23,001,793	32,237,890	59,214,976
Timing of revenue recognition				
Goods transferred at a point in time	3,975,293	23,001,793	32,201,500	59,178,586
Services transferred over time	–	–	36,390	36,390
Total revenue from contracts with customers	3,975,293	23,001,793	32,237,890	59,214,976

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

4. Revenue (continued)

Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2018 Segments	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or services				
Sale of goods	4,160,882	19,975,591	27,748,641	51,885,114
Rendering of service	–	–	28,938	28,938
Total revenue from contracts with customers	4,160,882	19,975,591	27,777,579	51,914,052
Geographical markets				
The PRC (including Hong Kong, Macau and Taiwan)	1,861,617	15,923,369	26,763,766	44,548,752
Asia (excluding the PRC)	919,775	3,181,918	84,522	4,186,215
United States of America	11,023	557,155	389,406	957,584
Other countries/regions	1,368,467	313,149	539,885	2,221,501
Total revenue from contracts with customers	4,160,882	19,975,591	27,777,579	51,914,052
Timing of revenue recognition				
Goods transferred at a point in time	4,160,882	19,975,591	27,748,641	51,885,114
Services transferred over time	–	–	28,938	28,938
Total revenue from contracts with customers	4,160,882	19,975,591	27,777,579	51,914,052

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

4. Revenue (continued)

Disaggregated revenue information for revenue from contracts with customers (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2019 Segments	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from contracts with customers				
External customers	3,975,293	23,001,793	32,237,890	59,214,976
Intersegment sales	7,795,592	813,710	804,597	9,413,899
Intersegment adjustments and eliminations				(9,413,899)
Total revenue from contracts with customers				59,214,976

For the six months ended 30 June 2018 Segments	Rechargeable batteries and photovoltaic business RMB'000 (Unaudited)	Mobile handset components and assembly service RMB'000 (Unaudited)	Automobiles and related products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from contracts with customers				
External customers	4,160,882	19,975,591	27,777,579	51,914,052
Intersegment sales	6,754,729	642,272	640,905	8,037,906
Intersegment adjustments and eliminations				(8,037,906)
Total revenue from contracts with customers				51,914,052

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

5. Profit Before Tax

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

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of inventories sold		49,812,809	44,986,248
Cost of services provided		40,481	31,605
Depreciation of property, plant and equipment	9	3,981,976	3,656,158
Depreciation of right-of-use assets***		174,064	70,059
Research and development costs:			
Deferred expenditure amortised		665,737	710,929
Current year expenditure		2,495,223	2,079,169
		3,160,960	2,790,098
Amortisation of investment properties		1,769	1,199
Loss on disposal of items of non-current assets		26,038	22,837
Amortisation of other intangible assets		60,760	53,499
Impairment of trade receivables*		346,683	185,474
Impairment of long-term receivables*		23,560	–
Impairment losses of trade receivables reversed*		(119,853)	(89,901)
Impairment of Prepayments, deposits and other receivables, net*		(4,788)	(2,530)
Write-down of inventories to net realisable value		180,882	125,113
Gain on disposal of subsidiaries**		–	(403,868)
Fair value (gains)/losses, net:			
Derivative financial instruments		(4,794)	15,981
Provision of product warranty		560,767	493,780

* Included in "Impairment losses on financial and contract assets" in the interim condensed consolidated statement of profit or loss.

** Included in "Loss on disposal of financial assets" in the interim condensed consolidated statement of profit or loss.

*** Upon the adoption HKFRS 16, recognition of prepaid land lease were reclassified from "prepaid land lease payments" to "right-of-use assets".

Notes to Interim Condensed Consolidated Financial Information

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6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the countries in which the Group operates.

The prevailing corporate income tax rate in Mainland China where the Group primarily operates is 25%. Certain subsidiaries operating in Mainland China are approved to be high and new technology enterprises and are entitle to enjoy reduced enterprise income tax rates of 15% of the estimated assessable profits for the period. Certain subsidiaries operating in Mainland China were entitled to enjoy a preferential CIT rate of 15% of the estimated assessable profits for the period pursuant to the Western Development Policy of the PRC.

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**–**	248
Current – Mainland China		
Charge for the period	**463,293**	481,432
Current – Elsewhere		
Charge for the period	**25,035**	25,015
Deferred	**(262,986)**	(294,002)
Total tax charge for the period	**225,342**	212,693

7. Dividends

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared – RMB0.204 (2018: RMB0.141) per ordinary share	**556,541**	384,668
	556,541	384,668

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8. 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 period attributable to ordinary equity holders of the parent adjusted for interest paid or payable for the perpetual loans, and the weighted average number of ordinary shares of 2,728,142,855 (2018: 2,728,142,855) in issue during this period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,454,573**	479,099
Interest paid for the perpetual loans for the period	**(103,503)**	(102,505)
Accumulated unpaid interest attributable to the perpetual loans for the period	**(17,048)**	(16,140)
Profit used in the basic earnings per share calculation	**1,334,022**	360,454

	For the six months ended 30 June	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**2,728,142,855**	2,728,142,855

Notes to Interim Condensed Consolidated Financial Information

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9. Property, Plant and Equipment

During the six months ended 30 June 2019, the Group acquired assets with a cost of RMB6,405,040,000 (30 June 2018: RMB6,235,086,000).

Assets (other than those classified as held for sale) with a net book value of RMB140,673,000 were disposed by the Group during the six months ended 30 June 2019 (30 June 2018: RMB319,149,000), resulting in a net loss on disposal of RMB26,038,000 (30 June 2018: loss of RMB22,837,000).

10. Trade Receivables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	**49,064,580**	45,338,100
Impairment	**(1,318,926)**	(1,097,917)
	47,745,654	44,240,183

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	**38,912,373**	39,322,575
One to two years	**6,443,091**	3,313,015
Two to three years	**1,932,434**	1,428,699
Over three years	**457,756**	175,894
	47,745,654	44,240,183

Notes to Interim Condensed Consolidated Financial Information

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11. Trade and Bills Payables

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within three months	**27,066,535**	32,087,999
Three to six months	**7,934,194**	11,162,123
Six months to one year	**557,341**	775,458
One to two years	**379,465**	593,879
Two to three years	**59,353**	533,789
Over three years	**68,793**	69,073
	36,065,681	45,222,321

The trade payables are non-interest-bearing and are normally settled within terms of 30 to 180 days.

12. Share Capital

Shares	**30 June 2019 RMB'000 (Unaudited)**	31 December 2018 RMB'000 (Audited)
Authorised, issued and fully paid:		
2,728,142,855 (31 December 2018: 2,728,142,855) ordinary shares of RMB1 each	**2,728,143**	2,728,143

Notes to Interim Condensed Consolidated Financial Information

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13. Contingent Liabilities

(a) Litigation

Action against Foxconn

On 11 June 2007, a Hong Kong High 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 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 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 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 grounds in the June 2007 Action. 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 total damages sought by the Plaintiffs in the October 2007 Action have not been quantified.

On 2 October 2009, the Defendants instituted a counter-action against Foxconn International Holdings Limited and certain of its affiliates for their intervention, by means of illegal measures, in the operations involving the Company and certain of its subsidiaries, collusions, written and verbal defamation, and the economic loss as a result of the said activities.

As at the reporting date, the case remains in the process of legal proceedings. After consulting the Company's legal counsel representing the Company for the case, the board is of the view that the estimate of ultimate outcome and amount to settle the obligation, if any, of the litigation cannot be made reliably up to date.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

13. Contingent Liabilities (continued)

(b) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Guarantees given to banks in connection with facilities granted to subsidiaries	**81,807,068**	87,211,760

As at 30 June 2019, the banking facilities granted to subsidiaries and joint ventures subject to guarantees given to banks by the Company were utilised to the extent of approximately RMB 47,854,751,000 (31 December 2018: RMB 36,616,393,000) and RMB 4,031,560,000 (31 December 2018: RMB 4,245,000,000) respectively.

(c) Repurchase obligation

The Group entered into tri-lateral finance cooperation contracts ("the Cooperation Contract") with certain customers and third-parties or related financial institutions ("Financial Institutions"). Pursuant to the arrangement under the Cooperation Contract, the Company bears repurchase obligations to Financial Institutions that in the event of customer default or other specific conditions, the Company inherits all the creditor's rights and related rights and interests. At the same time, the Company is required to make payment to Financial Institutions for the outstanding payments due from customer, and has the right to take the recovery and sale of new energy vehicles and other relief measures by itself to pay the remaining arrears of the customer to the financing institution. The Company reserves the right to pursue the remaining creditor's rights. Management believes that the repossessed vehicles will be able to be sold for proceeds that are not significantly different from the repurchase payments. As at 30 June 2019, the Group's maximum exposure to these obligations was RMB 11,509,883,000 (31 December 2018: RMB 11,478,920,000). For the period ended 30 June 2019, there was no default of payments from customers which required the Group to make payments to Financial Institution

Notes to Interim Condensed Consolidated Financial Information

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14. Commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
Land and buildings	1,515,200	2,020,477
Plant and machinery	5,703,042	6,266,393
Capital contribution in respect of investments	81,757	89,757
	7,299,999	8,376,627
Authorised but not contracted for:	29,262	120,650
	7,329,261	8,497,277

14. Commitments (continued)

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Capital contribution payable to joint ventures*	147,116	47,116

* The proposal on increasing the share capital of a joint venture Shenzhen Denza New Energy Automotive Co., Ltd. ("DENZA") was considered and approved at the meeting of the board of directors, pursuant to which the increase of RMB350 million in the share capital of Denza by BYD Auto Industry Co., Ltd., a holding subsidiary of the Company, was agreed. As at June 30 2019, there was RMB100 million increasing share capital unpaid.

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

15. Related Party Transactions

(a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Joint ventures and associates:			
Sales of products	(i)	1,135,671	5,851,142
Sales of machinery and equipment	(ii)	–	154,822
Service income	(iii)	121,892	42,087
Rental expense	(iv)	456,405	66,670
Purchases of products and service	(v)	712,090	95,889
Sales of products and service to Shenzhen Saidi New Energy Logistics Co., Ltd. ("Saidi New Energy")		–	17
Sales of products and service to Yinchuan Sky Rail Operation Co., Ltd. ("Yinchuan Operation")		–	896
Sales of products and service to Union Brother Technology Co., Ltd. ("UBTECH")	(vi)	543	1,544
Purchases of products and service from Xi'an Northern Qinchuan Company Ltd. ("Northern Qinchuan")	(vii)	111	35
Purchases of products and service from Beijing Easpring Material Technology Co., Ltd. ("Easpring Technology")	(viii)	162,736	2,172
Purchases of products and service from Saidi New Energy		–	16,203
Purchases of products and service from Cangzhou Mingzhu Plastic Co., Ltd. ("Mingzhu Plastics")	(ix)	16,022	71,644
Purchases of products and service from Shenzhen UniFortune Supply Chain Service Co., Ltd. ("UniFortune")		–	4,008

Notes:

(i) The sales of products to the joint ventures and associates were made according to the published prices offered to other customers of the Group;

(ii) The sales of machinery and equipment to the joint ventures and associates were charged at prices mutually agreed between the Group and the associate;

(iii) The service income was received at prices mutually agreed between the Group and the joint ventures and associates;

(iv) The rental expense was charged at prices mutually agreed between the Group and the associate;

(v) The purchases of products and service from the joint ventures and associates were made according to the published prices offered by the joint ventures and associates and to their other customers;

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

15. Related Party Transactions (continued)

(a) In addition to the transactions detailed elsewhere in this financial information, the Group had the following transactions with related parties during the period: (continued)

Notes: (continued)

(vi) The sales of products and service to UBTECH, a company of which an executive of the Company is the director of the board, were made according to the published prices offered to other customers of the Group;

(vii) The purchases of products and service from Northern Qinchuan, a company of which a supervisor of the Company is the chairman of the board, were made according to the published prices offered by Northern Qinchuan to its other customers;

(viii) The purchases of products and service from Easpring Technology, a company of which an independent non-executive director of the Company is the independent director of the board, were made according to the published prices offered by Easpring Technology to its other customers;

(ix) The purchases of products and service from Mingzhu Plastics, a company of which an independent non-executive director of the Company is the independent director of the board, were made according to the published prices offered by Mingzhu Plastics to its other customers; and

(b) Other transactions with related parties:

Loan guarantees

(i) As at 30 June 2019, the Company provided a guarantee to the bank for the borrowing of DENZA amounting to RMB555,000,000 (31 December 2018: RMB615,000,000).

(ii) As at 30 June 2019, the Company provided a guarantee to the bank for the borrowing of BYD Auto Financing amounting to RMB3,360,000,000 (31 December 2018: RMB3,630,000,000).

(iii) As at 30 June 2019, the Company provided a guarantee to the bank for the borrowing of MCC Ramu New Technology Limited ("Zhongye Ruimu") amounting to RMB 100,000,000 (31 December 2018: RMB0).

(iv) As at 30 June 2019, the Company provided a guarantee to the bank for the borrowing of Hubei Energy Storage amounting to RMB 16,562,000 (31 December 2018: RMB0).

Notes to Interim Condensed Consolidated Financial Information

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15. Related Party Transactions (continued)

(b) Other transactions with related parties: (continued)

Repurchase obligation

The Group entered into tri-lateral finance cooperation contracts ("the Cooperation Contract") with certain customers and third-parties or related financial institutions ("Financial Institutions"). Pursuant to the arrangement under the Cooperation Contract, the Company bears repurchase obligations to Financial Institutions that in the event of customer default or other specific conditions, the Company inherits all the creditor's rights and related rights and interests. At the same time, the Company is required to make payment to Financial Institutions for the outstanding payments due from customer, and has the right to take the recovery and sale of new energy vehicles and other relief measures by itself to pay the remaining arrears of the customer to the financing institution. The Company reserves the right to pursue the remaining creditor's rights. Management believes that the repossessed vehicles will be able to be sold for proceeds that are not significantly different from the repurchase payments. As of 30 June 2019, there was no default of payments from customers which required the Group to make any payment.

(i) As at 30 June 2019, the Group's maximum exposure of obligation to Shenzhen Didi and its subsidiary was RMB 1,556,765,000 (31 December 2018: RMB 1,307,181,000).

(c) Outstanding balances with related parties:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
The amounts due from joint ventures and associates:		
DENZA	40,466	48,082
Tianjin BYD Automobile Company Limited ("Tianjin BYD")	943,483	1,044,993
Shenzhen Chongdian Easy Co.,Ltd("Chongdian Easy")	273	–
Nanjing Jiangnan Electric Car Rental Company Limited ("Jiangnan Chuzu")	1,781	1,361
International Financial Lease Co., Ltd.("International Financial Lease") and its subsidiary	306,996	1,775,136
Qianhai Green Transportation Co.,Ltd.("Qianhai Green Transportation")	–	3
BYD Auto Finance Company Limited ("BYD Auto Financing")	716	1,129
Hangzhou BYD Xihu New Energy Auto Co.,Ltd. ("Xihu New Energy ")	18,574	28,052
Guangzhou Guang Qi BYD New Energy Bus Co.,Ltd. ("Guang Qi BYD")	2,157,621	3,078,613
Shenzhen Didi New Energy Auto Lease Co.,Ltd. ("Shenzhen Didi") and its subsidiary	706,107	136,037
Beijing Hualin Loading Co.,Ltd ("Beijing Hualin Loading ")	14,246	147
Tianjin Hongdi Financial Lease Co.,Ltd("Tianjin Hongdi")	46,799	–
Xi'an Infrastructure Yadi Automobile Service Co.,Ltd. ("Xi'an Infrastructure")	1,586,539	1,582,353
Shenzhen BYD Electric Vehicle Investment Co., Ltd("BYD Electric Vehicle ")	2,398	21,868
Shenzhen Faurecia Automotive Parts Co., Ltd. ("Faurecia")	59,482	105,994
Dongguan Tec-rich Engineering Co.,Ltd("Dongguan Tec-rich")	3,652	–
	5,889,133	7,823,768

Notes to Interim Condensed Consolidated Financial Information

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15. Related Party Transactions (continued)

(c) Outstanding balances with related parties: (continued)

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
The amounts due from other related parties:		
UBTECH	–	2,607
Yinchuan Operation	123,774	222,247
	123,774	224,854
The amounts due to joint ventures and associates:		
DENZA	313,754	282,820
International Financial Lease	32,399	62,655
Tianjin BYD	61,304	62,863
Xihu New Energy	1,740	13,627
Guang Qi BYD	30,770	19,627
Shenzhen Electric Power Sales Co., Ltd ("Electric Power") and its subsidiary	6,697	19,929
BYD Auto Financing	14	–
Chongdian Easy	–	255
Faurecia	300,926	455,008
BYD Electric Vehicle	304	482
Shenzhen Didi and its subsidiary	5,595	391,083
	753,503	1,308,349
The amounts due to other related parties:		
UBTECH	219	–
Northern Qinchuan	4	35
Mingzhu Plastics	21,759	63,477
Easpring Technology	75,729	15,774
	97,711	79,286

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

Notes to Interim Condensed Consolidated Financial Information

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15. Related Party Transactions (continued)

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**40,202**	33,122
Pension scheme contributions	**212**	186
	40,414	33,308

The related party transactions in respect of the items set out in note 15(a), (b) and (c) do not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

16. 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:

	Carrying amounts		Fair values	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial assets				
Long-term receivable	**1,696,018**	2,134,405	**1,696,018**	2,134,405
Unquoted equity shares	**84,807**	76,807	**84,807**	76,807
	1,780,825	2,211,212	**1,780,825**	2,211,212

	Carrying amounts		Fair values	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial liabilities				
Lease liabilities	**590,213**	–	**590,213**	–
Interest-bearing bank and other borrowings	**78,570,366**	64,692,802	**78,570,366**	64,692,802
Other liabilities	**1,204,535**	1,395,486	**1,204,535**	1,395,486
	80,365,114	66,088,288	**80,365,114**	66,088,288

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

16. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

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 30 June 2019 was assessed to be insignificant.

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

The Group enters into derivative financial instruments with various counterparties. The carrying amount of this derivative financial instruments is the same as its fair value. The derivative financial instruments, cross currency swap, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of those derivative financial instruments are the same as their fair values.

Notes to Interim Condensed Consolidated Financial Information

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16. 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:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Equity investments designated at fair value through other comprehensive income	**1,915,376**	**–**	**–**	**1,915,376**
Debt investments at fair value through other comprehensive income	**–**	**3,607,569**	**–**	**3,607,569**
Financial assets at fair value through profit or loss	**10,767**	**84,807**	**–**	**95,574**
Derivative financial instruments	**–**	**14,387**	**–**	**14,387**
	1,926,143	**3,706,763**	**–**	**5,632,906**

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income	1,620,969	–	–	1,620,969
Debt investments at fair value through other comprehensive income	–	7,773,025	–	7,773,025
Financial assets at fair value through profit or loss	6,702	76,807	–	83,509
Derivative financial instruments	–	451	–	451
	1,627,671	7,850,283	–	9,477,954

Notes to Interim Condensed Consolidated Financial Information

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16. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Other liabilities	–	18,855	–	18,855
Derivative financial instruments	–	21,765	–	21,765
		40,620		40,620

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Other liabilities	–	18,855	–	18,855
Derivative financial instruments	–	8,559	–	8,559
		27,414		27,414

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2018: Nil).

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16. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Long-term receivable	–	1,696,018	–	1,696,018

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Long-term receivable	–	2,134,405	–	2,134,405

Notes to Interim Condensed Consolidated Financial Information

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16. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Other liabilities	–	1,185,680	–	1,185,680
Lease liabilities	–	590,213	–	590,213
Interest-bearing bank and other borrowings	–	78,570,366	–	78,570,366
	–	80,346,259	–	80,346,259

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Other liabilities	–	1,376,631	–	1,376,631
Interest-bearing bank and other borrowings	–	64,692,802	–	64,692,802
	–	66,069,433	–	66,069,433

Notes to Interim Condensed Consolidated Financial Information

30 June 2019

17. Events after the Reporting Period

(1) The Resolution on the Authorization to the Board of the Company to Determine on the Issuance of Debt Financing Instrument(s) (《關於授權公司董事會決定發行債務融資工具的議案》) was considered and passed at the 2016 Annual General Meeting of BYD Company Limited held on 6 June 2017. In September 2017, the National Association of Financial Market Institutional Investors issued the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2017] No. SCP301) (《接受註冊通知書》(中市協註[2017]SCP301號)), agreeing to accept the registration of issuance of super short-term debentures by the Company with a registered amount of RMB10 billion. On 10 July, 19 July, 26 July and 14 August 2019, the Company issued the seventh, the eighth, the ninth and the tenth tranche of super short-term debentures of 2019, respectively with an issue price of RMB100, valid within 30 days, 270 days, 270 days and 268 days, respectively. The interest rates are 2.80%, 3.91%, 3.84% and 3.60%, respectively.The Company has applied RMB6.0 billion of the whole proceeds from the issuance of the super short-term debentures for replenishment of working capital.

(2) BYD Company Limited was permitted to publicly offer corporate bonds with a total par value not exceeding RMB10 billion (hereinafter referred to as the "Current Bonds") to qualified investors as approved by the "ZJXK [2017] No.1807" document from China Securities Regulatory Commission. The Current Bonds were issued in tranches. The corporate bonds publicly offered to qualified investors by BYD Company Limited the forth tranche of the Current Bond (which is the second tranche in 2019) has been issued on 12 August 2019. The actual issuance size is RMB2.5 billion with coupon rate of 4.80%. The issue price is RMB100 each.

18. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 21 August 2019.

比亞迪股份有限公司
BYD COMPANY LIMITED