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比亞迪股份有限公司

BYD COMPANY LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1211)

Website: http://www.byd.com.cn

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Turnover	+18.28%	To RMB46,685 million
Gross profit	-3.51%	To RMB8,264 million
Profit attributable to owners of the parent	-33.48%	To RMB2,523 million
Basic earnings per share	-37.29%	To RMB1.11

HIGHLIGHTS

- Achieved steady growth of the automobile business during the Year, and dedicated to enhancing the competitiveness of the automobile sales network

- Continued to maintain a leading position in the area of rechargeable batteries, with the commercial operation of lithium ferrous phosphate batteries in smooth progress

  Managed to commence the commercial operation of the new energy business which contributed to the turnover

- Managed to seize the business opportunity of an upturn in the market in relation to handset components and assembly services to continue to expand the market share

FINANCIAL RESULTS

The board of directors (the "Board") of BYD Company Limited (the "Company" or "BYD") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 (the "Year") together with comparative figures in 2009.

The Board does not recommend the payment of final dividend for the year ended 31 December 2010.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
REVENUE	4	46,685,349	39,469,454
Cost of sales		(38,420,975)	(30,904,723)
Gross profit		8,264,374	8,564,731
Other income and gains	4	531,891	297,857
Government grants and subsidies		353,679	389,623
Selling and distribution costs		(2,175,881)	(1,489,708)
Research and development costs	5	(1,403,459)	(1,283,316)
Administrative expenses		(1,917,889)	(1,507,711)
Other expenses		(254,619)	(207,105)
Finance costs	6	(281,383)	(255,388)
Share of profits and losses of jointly-controlled entities		25,554	—
PROFIT BEFORE TAX	5	3,142,267	4,508,983
Income tax expenses	7	(223,677)	(430,543)
PROFIT FOR THE YEAR		2,918,590	4,078,440
PROFIT FOR THE YEAR			
Attributable to:			
Owners of the parent		2,523,414	3,793,576
Non-controlling interests		395,176	284,864
		2,918,590	4,078,440
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
- For profit for the year		RMB1.11	RMB1.77

Details of the dividends proposed for the year are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
PROFIT FOR THE YEAR		2,918,590	4,078,440
Exchange differences on translation of foreign operations		7,833	35,127
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		7,833	35,127
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,926,423	4,113,567
Attributable to:			
Owners of the parent		2,528,745	3,816,606
Non-controlling interests		397,678	296,961
		2,926,423	4,113,567

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Note	**2010** *RMB'000*	**2009** *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		24,877,113	18,906,929
Investment properties		—	1,927
Prepaid land lease payments		4,386,785	1,661,369
Goodwill		65,914	58,603
Other intangible assets		1,222,772	770,753
Prepayments		4,172,190	1,953,289
Available-for-sale investments		—	—
Deferred tax assets		371,337	185,927
Property under development		166,851	—
Investments in jointly controlled entities		59,160	—
Total non-current assets		35,322,122	23,538,797
CURRENT ASSETS			
Inventories		6,537,852	4,408,407
Trade and bills receivables	10	8,152,800	9,792,812
Prepayments, deposits and other receivables		1,869,370	644,032
Derivative financial instruments		—	1,000
Pledged deposits		13,784	33,723
Cash and cash equivalents		1,978,735	2,316,826
Total current assets		18,552,541	17,196,800
CURRENT LIABILITIES			
Trade and bills payables	11	11,033,448	11,518,658
Other payables and accruals		3,196,861	2,277,220
Advances from customers		2,864,656	3,340,965
Deferred income		54,435	207,831
Derivative financial instruments		—	94
Interest-bearing bank borrowings		11,003,490	547,129
Tax payable		204,758	236,701
Provision		317,565	248,850
Total current liabilities		28,675,213	18,377,448
NET CURRENT LIABILITIES		(10,122,672)	(1,180,648)
TOTAL ASSETS LESS CURRENT LIABILITIES		25,199,450	22,358,149

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2010

	Note	2010 RMB'000	2009 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		25,199,450	22,358,149
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		3,049,000	3,106,514
Deferred income		999,374	224,508
Total non-current liabilities		4,048,374	3,331,022
Net assets		21,151,076	19,027,127
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	2,275,100	2,275,100
Reserves		16,185,219	13,656,474
Proposed final dividend	8	—	750,783
		18,460,319	16,682,357
Non-controlling interests		2,690,757	2,344,770
Total equity		21,151,076	19,027,127

NOTES TO FINANCIAL STATEMENTS
31 December 2010

1. CORPORATE INFORMATION

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

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the research, development, manufacture and sale of rechargeable batteries, automobiles and related products, handset components and assembly services, LCD and other electronic products.

2.1 BASIS OF PREPARATION

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

Despite the fact that the Group's net current liabilities of approximately RMB10,122,672,000 as at 31 December 2010, the consolidated financial statements have been prepared on a going concern basis as it is the directors' contention that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.1 BASIS OF PREPARATION (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements — Classification by the Borrower of A Term Loan that Contains a Repayment on Demand Clause*

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 17 included in Improvements to HKFRS 2009 and HK Interpretation 4 (Revised in December 2009), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The Group has reassessed its leases in Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases. The Group has no leases in Hong Kong.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [5]
HKAS 12 Amendments	Amendment to HKAS 12 Income Taxes — Deferred Tax: *Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)*
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 February 2010

[2] Effective for annual periods beginning on or after 1 July 2010

[3] Effective for annual periods beginning on or after 1 January 2011

[4] Effective for annual periods beginning on or after 1 July 2011

[5] Effective for annual periods beginning on or after 1 January 2013

Further information about those changes that are expected to significantly affect the Group is as follows:

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

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

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting, derecognition and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKFRS 3 *Business Combinations:* Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements:* Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements:* Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. OPERATING SEGMENT INFORMATION

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

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

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

3. **OPERATING SEGMENT INFORMATION (continued)**

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

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

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

Segment assets exclude deferred tax assets, goodwill, derivative financial instruments and other unallocated head office and corporate assets, as these assets are managed on a group basis.

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

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

Year ended 31 December 2010

	Rechargeable Battery and other products	**Mobile handset components and assembly services**	**Automobiles and related products**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	4,581,758	20,553,382	21,550,209	—	46,685,349
Intersegment sales	195,028	405,914	87,695	—	688,637
Others including other gross income from sales of raw materials and disposal of scrap materials	419,029	232,046	452,336	—	1,103,411
Taxes and surcharges	3,568	13,108	642,980	—	659,656
	5,199,383	21,204,450	22,733,220	—	49,137,053
Reconciliation:					
Elimination of intersegment sales					(688,637)
Elimination of other gross income					(1,103,411)
Elimination of taxes and surcharges					(659,656)
Revenue — sales to external customers					46,685,349

3. OPERATING SEGMENT INFORMATION (continued)

	Rechargeable Battery and other products *RMB'000*	Mobile handset components and assembly services *RMB'000*	Automobiles and related products *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment results	252,350	1,606,877	1,742,896	(89)	3,602,034
Reconciliation:					
Elimination of intersegment results					(27,639)
Interest income					27,431
Dividend income and unallocated gains					583,323
Corporate and other unallocated expenses					(761,499)
Finance costs					(281,383)
Profit before tax					3,142,267
Segment assets	9,914,907	13,222,035	27,981,856	59	51,118,857
Reconciliation:					
Elimination of intersegment receivables					(723,044)
Elimination of intersegment sales unrealized profit					(51,633)
Corporate and other unallocated assets					3,530,483
Total assets					53,874,663
Segment liabilities	1,813,153	3,809,745	12,463,625	1	18,086,524
Reconciliation:					
Elimination of intersegment payables					(723,044)
Corporate and other unallocated liabilities					15,360,107
Total liabilities					32,723,587
Other segment information:					
Impairment losses of items of property, plant and equipment recognized in the income statement	—	—	—	—	—
Loss on disposal of items of property, plant and equipment	10,375	23,595	7,081	—	41,051
Loss on disposal of other intangible assets	—	—	—	—	—
Depreciation and amortisation	413,000	825,122	1,011,186	—	2,249,308
Capital expenditure	1,412,757	814,675	9,359,717	—	11,587,149*

* Capital expenditure consists of additions to other intangible assets, property, plant and equipment and prepaid land lease payments including assets from the acquisition of a subsidiary and other intangible assets.

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2009

	Rechargeable Battery and other products *RMB'000*	Mobile handset components and assembly services *RMB'000*	Automobiles and related products *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customers	4,081,494	14,396,593	20,991,093	274	39,469,454
Intersegment sales	239,245	235,301	19,690	—	494,236
Others including other gross income from sales of raw materials and disposal of scrap materials	144,133	179,258	647,498	(46)	970,843
Taxes and surcharges	5,245	10,095	658,265	10	673,615
	4,470,117	14,821,247	22,316,546	238	41,608,148
Reconciliation:					
Elimination of intersegment sales					(494,236)
Elimination of other gross income					(970,843)
Elimination of taxes and surcharges					(673,615)
Revenue — sales to external customers					39,469,454
Segment results	529,252	775,707	3,513,244	(951)	4,817,252
Reconciliation:					
Elimination of intersegment results					(69,638)
Interest income					18,073
Dividend income and unallocated gains					482,145
Corporate and other unallocated expenses					(483,461)
Finance costs					(255,388)
Profit before tax					4,508,983
Segment assets	5,773,634	13,889,389	19,309,739	2,221	38,974,983
Reconciliation:					
Elimination of intersegment receivables					(867,842)
Elimination of intersegment sales unrealized profit					(55,244)
Corporate and other unallocated assets					2,683,700
Total assets					40,735,597

3. OPERATING SEGMENT INFORMATION (continued)

	Rechargeable Battery and other products *RMB'000*	Mobile handset components and assembly services *RMB'000*	Automobiles and related products *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment liabilities	1,771,310	4,660,504	11,969,092	—	18,400,906
Reconciliation:					
Elimination of intersegment payables					(867,842)
Corporate and other unallocated liabilities					4,175,406
Total liabilities					21,708,470
Other segment information:					
Impairment losses of items of property, plant and equipment recognized in the income statement	—	44,719	363	—	45,082
Loss on disposal of items of property, plant and equipment	27,884	18,898	19,490	—	66,272
Loss on disposal of other intangible assets	355	—	25,435	—	25,790
Depreciation and amortisation	361,771	798,873	602,701	304	1,763,649
Capital expenditure	1,719,049	1,249,138	3,332,577	—	6,300,764*

Geographical information

(a) ***Revenue from external customers***

	2010 *RMB'000*	**2009** *RMB'000*
China (including Hong Kong, Macau and Taiwan)	39,676,134	32,127,692
India	1,176,011	1,765,289
Hungary	1,005,453	738,937
Brazil	150,790	187,721
Others	4,676,961	4,649,815
	46,685,349	39,469,454

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

3. OPERATING SEGMENT INFORMATION (continued)

(b) ***Non-current assets***

	2010	**2009**
	RMB'000	*RMB'000*
China (including Hong Kong, Macau and Taiwan)	34,229,398	22,676,247
India	573,150	568,643
Hungary	71,481	106,445
Others	76,756	1,535
	34,950,785	23,352,870

The non-current asset information above is based on the location of assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately RMB8,501,119,000 (2009: RMB7,001,812,000) was derived from sales made by the battery and other products segment and mobile handset components segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of assembly services rendered.

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

		Group	
	Notes	**2010**	**2009**
		RMB'000	*RMB'000*
Revenue			
Sale of goods		37,579,719	34,480,959
Assembly service income		9,105,630	4,988,495
		46,685,349	39,469,454
Other income			
Subcontracting income		2,122	4,520
Bank interest income	5	27,431	18,073
Gross rental income		9,615	6,930
Gain on disposal of scrap		274,717	172,394
Compensation from suppliers		56,354	43,812
Amounts overdue and need not to be collected by creditors		56,463	215
Others		105,189	49,785
		531,891	295,729
Gains			
Fair value gains, net:			
Derivative instruments - transactions not qualifying as hedges	5	—	906
Gain on bargain purchase	5	—	1,222
		531,891	297,857

5. PROFIT BEFORE TAX

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

		Group	
	Notes	**2010**	**2009**
		RMB'000	*RMB'000*
Cost of inventories sold		29,998,863	25,947,018
Cost of services provided		8,380,465	4,728,668
Depreciation		2,016,615	1,594,453
Impairment of items of property, plant and equipment**		—	45,082
Amortisation of other intangible assets other than development costs****		32,715	29,999
Research and development costs:			
Deferred expenditure amortised*		132,347	105,788
Current year expenditure		1,403,459	1,283,316
		1,535,806	1,389,104
Minimum lease payments under operating leases:			
Land and buildings located in Mainland China		20,724	16,774
Auditors' remuneration		7,240	6,617
Employee benefit expense (including directors' and supervisors' remuneration):			
Wages and salaries		5,963,563	4,067,415
Welfare		90,111	48,243
Retirement benefit scheme contributions		339,696	157,212
		6,393,370	4,272,870
Amortisation of land lease payments		67,631	33,409
Amortisation of assets related to "Contractual Operation Contract"		32,375	13,490
Loss on disposal of items of property, plant and equipment**		41,051	66,272
Loss on disposal of other intangible assets**		—	25,790
Foreign exchange differences, net**		101,174	18,937
Impairment of trade receivables		10,947	22,504
Impairment losses of trade receivables reversed		(43,033)	(17,210)
Impairment of inventories***		41,647	229,037
Impairment of available-for-sale investments		11,139	—
Product warranty provision		246,005	278,872
Net fair value gains on derivative instruments - transactions not qualifying as hedges	4	—	(906)

5. PROFIT BEFORE TAX (continued)

	Notes	Group 2010 RMB'000	Group 2009 RMB'000
Rental income on investment properties less direct operating expenses of RMB: Nil (2009: RMB1,286,000)		—	(280)
Bank interest income	4	(27,431)	(18,073)
Gain on bargain purchase ^	4	—	(1,222)

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

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

*** Impairment of inventories for the year is included in "Cost of sales" in the consolidated income statement.

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

^ Gain on bargain purchase is included in "Other income and gains" in the consolidated income statement.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group 2010 RMB'000	Group 2009 RMB'000
Interest on bank borrowings	235,853	301,925
Bank charges for discounted notes	177,230	10,732
	413,083	312,657
Less: Interest capitalised	(131,700)	(57,269)
	281,383	255,388

The average capitalisation rate for the year used to determine the amount of borrowing costs eligible for capitalisation was 4.76% (2009: 6.94%).

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

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

Certain subsidiaries operating in Mainland China are approved to be high and new technology enterprises and are entitled to enjoy reduced enterprise income tax rates ranging from 11% to 15% of the estimated assessable profits for the year.

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

	2010 *RMB'000*	**2009** *RMB'000*
Group:		
Current — Hong Kong		
Charge for the year	873	—
Current — Mainland China		
Charge for the year	408,214	451,168
Deferred	(185,410)	(20,625)
Total tax charge for the year	223,677	430,543

8. DIVIDENDS

The directors do not recommend payment of dividend in respect of the year. In 2009, dividend proposed is as follows:

	2009
	RMB'000
Final proposed subsequent to the reporting period - RMB0.33 per ordinary share	750,783

In 2009, the final dividend proposed subsequent to the reporting period had not been recognized as a liability at the end of reporting period, and was subject to the approval of the company's shareholders at the annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,275,100,000 (2009: 2,143,850,000) in issue during this year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

The calculation of basic earnings per share is based on:

	2010	**2009**
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	2,523,414	3,793,576
	Number of shares	
	2010	**2009**
Shares		
Weighted average number of ordinary shares in issue during the year.	2,275,100,000	2,143,850,000

10. TRADE AND BILLS RECEIVABLES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables	5,543,153	4,334,026	963,193	772,546
Bills receivable	2,756,210	5,719,758	210,811	158,090
Impairment	(146,563)	(260,972)	(95,446)	(133,295)
	8,152,800	9,792,812	1,078,558	797,341

For sales under the automobiles and related products segment, payment in advance, mainly in the form of bank bills, is normally required. For sales under other segments, the Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group had certain concentrations of credit risk as 31% (2009: 33%) and 75% (2009: 74%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers respectively. Trade receivables are non-interest-bearing.

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within three months	7,643,668	9,327,142	999,408	781,527
Three to six months	504,990	454,501	79,060	15,377
Six months to one year	4,142	9,882	90	437
Over one year	—	1,287	—	—
	8,152,800	9,792,812	1,078,558	797,341

At 31 December 2010, the Group pledged bills receivable of RMB29,169,000 (2009: RMB3,008,000) to secure the Group's bank loans.

11. TRADE AND BILLS PAYABLES

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within three months	10,042,146	10,742,058	755,526	614,429
Three to six months	799,404	593,652	81,765	83,718
Six months to one year	118,907	84,658	1,024	2,892
One to two years	44,504	58,301	1,243	2,891
Two to three years	11,244	33,809	368	5,775
Over three years	17,243	6,180	763	1,890
	11,033,448	11,518,658	840,689	711,595

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

12. SHARE CAPITAL

Shares	**2010**	**2009**
	RMB'000	*RMB'000*
Authorised, issued and fully paid:		
2,275,100,000 (2009: 2,275,100,000) ordinary shares of RMB1 each	2,275,100	2,275,100

On 30 July 2009, with the approval from the China Securities Regulatory Commission ("CSRC"), MidAmerican Energy Holdings Company ("MidAmerican Energy") completed the acquisition of 225,000,000 new H Shares of the Company at an issuing price of HK$8 per share pursuant to the Strategic Investment and Acquisition Agreement the Company entered into with MidAmerican Energy dated 26 September 2008. Upon completion, the registered capital of the Company increased from RMB2,050,100,000 to RMB2,275,100,000 and MidAmerican Energy became a shareholder of the Company holding 225,000,000 H Shares.

13. COMMITMENTS

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

	Group	
	2010	**2009**
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Land and buildings (i)	1,474,670	1,637,591
Plant and machinery (ii)	4,737,428	2,387,516
Capital contribution in respect of investments	700,000	—
	6,912,098	4,025,107
Authorised, but not contracted for:		
Capital contributions payable to a jointly-controlled entity	15,643	—
	6,927,741	4,025,107

Notes:

(i) Included in the above capital commitment is a commitment with regards to the under-mentioned BYD Automobile Plant II project, the Shaoguan Base project and the Changsha Sedan project with the total amount of RMB574,075,000;

(ii) Included in the above capital commitment is a commitment with regards to the under-mentioned BYD Automobile Plant II project, the Shaoguan Base project and the Changsha Sedan project with the total amount of RMB629,521,000;

(a) ***BYD Automobile Plant II Project***

BYD Automobile Company Limited ("BYD Auto"), a subsidiary of the Company, will invest in the construction of the "BYD Automobile Plant II" project located in the Xi'an High-Tech Zone, the investment amount of the project is RMB4.46 billion, which is a project for the production of vehicles and automobile components. After completion of the project, the annual production capacity will reach 200,000 vehicles and automobile components.

(b) ***Shaoguan Base Project***

Shenzhen BYD Auto Co. Ltd. ("Shenzhen BYD Auto"), a fully-owned subsidiary of the Company, entered into an investment agreement with People's Government of Shaoguan City, Guangdong Province. According to the agreement, Shenzhen BYD Auto proposed to build a state-level test track and automobile components production plant within the Dongguan-Shaoguan Industrial Transferred Zone (the "Shaoguan Base Project"). Total investment of the project will amount to approximately RMB1.5 billion. Shenzhen BYD Auto undertook that Shaoguan BYD would be fully commissioned in two years after the land use right obtained and the gross output is expected to exceed RMB1 billion in three years and the fiscal contribution to the tax revenue approximately RMB80 million per year.

13. COMMITMENTS (continued)

(c) ***Changsha Sedan Project***

Shenzhen BYD Auto, a subsidiary of the Company, entered into BYD Automobile Park investment agreement with the Management Committee of Hunan Environmental Industrial Park and the Changsha Economic Commission. According to the agreement, Shenzhen BYD Auto proposed to establish a production project with an annual output of approximately 400,000 units of automobiles in the Hunan Environmental Industrial Park. Total investment of the project will amount to approximately RMB3 billion. Shenzhen BYD Auto undertook that the gross output is expected to exceed RMB10 billion after the plants had fully commissioned for three years.

In addition, the Group's share of the jointly-controlled entities' own capital commitments, which are not included in the above, is as follows:

	Group	
	2010	**2009**
	RMB'000	*RMB'000*
Contracted, but not provided for:	16,602	—

14. CONTINGENT LIABILITIES

(a) In June 2007, a Hong Kong High Court (the "Court") action (the "June 2007 Action") was commenced by a subsidiary and an affiliate of Foxconn International Holdings Limited (the "Plaintiffs") against the Company and certain subsidiaries of the Group (the "Defendants") for using confidential information alleged to have been obtained improperly from the Plaintiffs. The Plaintiffs alleged that the Defendants have directly or indirectly through the assistance of certain employees of the Plaintiffs, induced and procured certain former employees of the Plaintiffs (some of whom were subsequently employed by the Group) to breach their contractual and fiduciary duties with their former employer, the Plaintiffs, by disclosing to the Defendants confidential information that such employees have acquired through their employment with the Plaintiffs. In addition, it was alleged that the Defendants knew or ought to have known the confidential nature of such information and that the Defendants allowed or acquiesced its misuse in establishing a handset production system that is highly similar to the Plaintiffs' handset production system and using the Plaintiffs' confidential information with respect to their suppliers and customers. The Plaintiffs discontinued the June 2007 Action on 5 October 2007 with the effect that the June 2007 Action has been wholly discontinued against all the Defendants named in the action and that this finally disposed of the June 2007 Action without any liability to the Defendants. On the same day, the Plaintiffs initiated a new set of legal proceedings in the Court (the "October 2007 Action"). The Defendants named in the October 2007 Action are the same as the Defendants in the June 2007 Action, and the claims made by the Plaintiffs in the October 2007 Action are based on the same facts and the same allegations arising from the June 2007 Action. In essence, the Plaintiffs alleged that the Defendants have misappropriated and misused confidential information belonging to the Plaintiffs. The remedies sought by the Plaintiffs in the October 2007 Action include an injunction restraining the Defendants from using the alleged confidential information, an order for the

14. CONTINGENT LIABILITIES (continued)

disgorgement of profit made by the Defendants through the use of the confidential information, damages based on the loss suffered by the Plaintiffs and exemplary damages. The Plaintiffs have quantified part of their claim for damages, consisting of the estimated cost of producing the alleged confidential information of RMB2,907,000 and an amount of RMB3,600,000 which allegedly represents compensation paid by the Plaintiffs to other parties to whom they owed a duty to keep confidential the alleged confidential information. The damages otherwise sought by the Plaintiffs in the October 2007 Action have not been quantified.

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

On 2 November 2007, the Company and its subsidiary, BYD Hong Kong Limited ("BYD Hong Kong "), which had been served with the writ at that time, applied for a stay of the legal proceedings. The hearing of the stay application took place on 11 and 12 June 2008 and the judgement in respect of the stay application was handed down on 27 June 2008. The stay application was turned down and an order was issued, of which the legal cost for the application of stay by the Plaintiff is to be borne by the Company and BYD Hong Kong. The legal cost, if not agreed, will be determined by the Court. On 2 September 2009, the above-mentioned Plaintiffs make an amendment to the writ with the Court for inclusion of Foxconn Precision Component (Beijing) Co., Ltd. as a plaintiff. The Group also filed a counterclaim on 2 October 2009 against the Plaintiffs, including Foxconn Precision Component (Beijing) Co., Ltd., the documents of which have been served on all parties of the Plaintiffs. The counterclaim mainly related to the release of defamatory remarks to prejudice the Defendants' reputation and the interference with the Defendants' business, and the request for remedies by the Plaintiffs.

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

14. CONTINGENT LIABILITIES (continued)

(b) On 9 November 2009, Nokia announced that it would initiate a charger exchange program and recommended end-users of its mobile phones to exchange the chargers for free replacement. The reason for the program was that the plastic covers of a limited number of the Nokia-branded chargers manufactured by a subsidiary of the Company could come loose and detach, exposing the internal components of the charger and may potentially pose an electrical shock hazard. The models of the chargers announced by Nokia are AC-3E and AC-3U manufactured during the period from 15 June 2009 to 9 August 2009 and AC-4U manufactured during the period from 13 April 2009 to 25 October 2009. As at 30 June 2010, the Company obtained 26,080 replacement registrations by end-users from Nokia, representing an insignificant number. Since July 2010, Nokia no longer actively recorded the number of replacement registrations by end-users for the charger exchange program.

On 28 December 2009, the subsidiary of the Company received an invoice amounted to EUR1,539,000 from Nokia. This amount has been paid during the reporting period. Due to the ongoing of the charger exchange program, the Company is still under further discussions with Nokia for further details. The potential compensation could not be reasonably estimated and accordingly, no further liability has been accrued by the Group.

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

	Group		**Company**	
	2010	**2009**	**2010**	**2009**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given to banks in connection with facilities granted to subsidiaries	—	—	5,240,958	815,410

As at 31 December 2010, the banking facilities guaranteed to subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately RMB4,773,483,000 (2009: RMB750,635,000).

15. EVENTS AFTER THE REPORTING PERIOD

On 16 February 2011, Shenzhen BYD Daimler New Technology Co.,Ltd. was officially established.The new electric car to be developed by the joint venture company will combine Daimler's proprietary technologies in vehicle structure and safety areas and BYD's outstanding automobile battery and driving technologies, thereby further enhancing the Group's competitiveness in the market of new energy vehicle products.

MANAGEMENT DISCUSSIONS AND ANALYSIS

OPERATING ENVIRONMENT REVIEW

Reviewing 2010, the global financial system gradually got back to a firmer foundation following the continual recovery of financial crisis in 2008. In the course of the continuous recovery, by leveraging its economic strength, the PRC played an integral role in boosting the global economic rebound, overtaking Japan for the first time in 2010 to become the world's second largest economy. With the rapid growth of the PRC's economy and accelerating urbanization as well as the continuous improvement of road infrastructure in the PRC, the PRC automobile industry continued to maintain a high-speed growth during the Year.

According to the China Association of Automobile Manufacturers, the sales volume of automobiles in the PRC in 2010 exceeded 18 million units, representing a year-on-year growth of approximately 32% and the PRC continued to be the world's largest automobile market. During the Year, production and sales of all types of automobiles had an increasing trend, and the sales volume of sedans reaching 9.49 million units, representing a year-on-year growth of approximately 27%, market share of domestic independent brands continued to increase to 31% and continued to occupied a major market position. In addition, the sales volume of multi-purpose vehicles ("MPV") and sport utility vehicles ("SUV") both grew rapidly by 79% and 101%, respectively.

Across the global automobile market, electric vehicle characterized by the quality of environmental protection and energy conservation is currently a focus in the development of the world's automobile industry. The PRC has made the new energy vehicles represented by plug-in hybrid automobiles and pure electric vehicles an emerging industry with priority. In order to implement the plan on the cultivation and development of strategic new emerging industries issued by the State Council, strengthen the deployment of energy conservation and emission reduction, special funds were allocated by the Ministry of Finance at the level of the central government in June 2010 to launch pilot projects by granting subsidies to individuals purchasing new energy vehicles. Pursuant to this policy, the State will grant subsidies of RMB 3,000 per kWh for new energy vehicles meeting the requirements; the maximum amount of the subsidies for plug-in hybrid automobiles will be RMB 50,000 per unit and the amount will be RMB 60,000 per unit for pure electric vehicles. Moreover, Shenzhen municipal government's implementation of a pilot subsidy scheme for new energy vehicles was certified and passed by experts in July 2010. Under the scheme, the maximum amount of the subsidies for entitled plug-in hybrid automobiles will be RMB 30,000 per unit and the amount will be RMB 60,000 per unit for entitled pure electric vehicles; and by 2012, a total of 22,200 charging posts for low-speed, middle-speed and high-speed charging are planned to be constructed to establish a diversified and networked charging system. The policy support from the central and local governments at all levels on new energy vehicles lays the foundation for the rapid development of the new energy vehicle industry.

During the Year, as global consumers' confidence and consumption power revived gradually and the application of smart phones gained popularity, the world's handset market saw full recovery in 2010. According to the report by Gartner, an international market research company, the global output of handsets was approximately 1.6 billion units in 2010, representing a year-on-year increase of approximately 32%, of which the output of smart phones increased by approximately 72% to 297 million units as compared to 2009, representing 19% of the total output of handsets. As the market resumed its rapid growth, smart phones manufacturers of new brands and new platform and systems emerged successively and handset manufacturers of traditional brands also actively expanded into the smart phone market. The positive market situation provided a good opportunity for one-stop suppliers equipped with the ability of vertical integration and the possession of a global production and service platform, and the one-stop suppliers with their strong brands, cost advantages and leading position was able to expand the market share.

BUSINESS REVIEW

The major businesses of BYD Company Limited ("BYD" or the "Group") comprise the automobile business, the rechargeable battery business and the handset components and assembly services. During the Year, the automobile business of the Group continued to contribute the majority of the Group's revenue and profit. Meanwhile, the Group maintained its world-leading position in the rechargeable battery business, and continued to keep a good strategic partnership with world-leading handset manufacturers. The new energy business which has been actively propelled by the Group was in good progress and made a contribution to its revenue during the Year. As for its handset components and assembly services, the Group successfully enlarged its market share by capitalizing on its innovative concept and outstanding product competitiveness during the Year.

Automobile Business

Since the commencement of automobile business in 2003, BYD has created a sustained advantage of price competitiveness ratio by leveraging its vertical integration operation and it continually expanded the customer base with its reasonable prices and quality products. After years of effort, the Group's automobile products have received wide recognition in the market. By way of the continuous enhancement of product research and development, the improvement of its quality control as well as the escalation of its operation efficiency through further vertical integration, the Group has been consistently optimizing and adjusting the Group's product mix and managed to launch a series of new models which drove the increasing sales of the Group's vehicles. To date the Group has manufactured and sold over 1 million units of sedans, thus establishing its leading position among domestic independent automobile brands.

During the Year, the Group has altered its market strategy from rapidly expanding the distributor network to aggressively optimizing the automobile sales network. Notwithstanding the influence brought by the sales network adjustment, the Group's overall automobile business managed to maintain stable performance, achieving a turnover of approximately RMB21,550 million, representing a slight increase from last year.

During the Year, the Group's automobiles recorded an overall sales volume of over 500,000 units, representing a year-on-year increase of approximately 10%. According to the China Association of Automobile Manufacturers, BYD continued to rank first in sales volume among manufacturers of domestic branded sedans in 2010. During the Year, various models manufactured by the Group achieved satisfactory sales, among which the best-selling F3 model maintained its hot selling trend and once again ranked first among single model of sedans in the PRC in 2010. The mini sedan F0 model and the F6 model targeting the medium-to-high-end market were continually well-received in the market, with average sales volume of over 10,000 units and 4,000 units per month, respectively. Furthermore, the G3 model, a fuel-engined automobile launched a year ago, the M6 model, the first MPV model launched in August and the L3 model, a sedan launched in the fourth quarter were well accepted in the market. These models further diversified the product mix of the Group while creating new revenue sources for the Group.

With the support from the central government on the new energy vehicle policy, the Group promoted the commercialization and popularization of new energy vehicles in domestic and international market at the right time with a commitment to becoming a leader of global new energy automobile field. The Group's new energy automobile business achieved a significant breakthrough during the Year. The accumulative mileage of the 50 units of E6, pure electric vehicles, which are currently used as taxis under trial operation in Shenzhen, exceeded 1.5 million km by December 2010. The E6 model characterized by excellent performance has become a role model of electric vehicle technology in the world. On the other hand, the Group delivered 10 units of F3DM, a dual-mode electric vehicle, to the Housing Authority of the City of Los Angeles of the US ("HACLA") in December 2010 to start to demonstrate BYD electric vehicles to institutional customers in the US. To date, the K9 model, the electric bus of the Group, has commenced trial operation in Shenzhen and Changsha and will be put into commercial scale operation in 2011, a revolution in current public transportation system.

In order to further optimize the Group's domestic distribution channel, the Group further communicated with its distributors during the Year to enhance the satisfaction and the long-term profitability of its distributors. The Group also increased investment in expanding its production capacity during the Year. In particular, the construction of the automobile manufacture base in Changsha was in steady progress and is expected to provide sufficient production capacity for meeting future market demand. In addition, BYD has been actively laying the foundation for the overseas electric vehicle business and had established a regional sales headquarters in North America in the middle of the Year.

Apart from organic development, the Group also vigorously cooperated with third parties with synergies to seek more business opportunities. On 1 March 2010, BYD entered into a memorandum of understanding with Daimler AG ("Daimler"), pursuant to which both parties will cooperate in the PRC in relation to passenger vehicles powered by electric motor which will be developed based on a Daimler architecture to be selected with a newly developed top hat. On 27 May 2010, both parties entered into a joint venture contract in relation to the establishment of Shenzhen BYD Daimler New Technology Co., Ltd. (深圳比亞迪•戴姆勒新技術有限公司) in the PRC with a registered capital of RMB600 million and equally held by BYD and Daimler. It is the business goal of the joint venture company to research and develop a new electric car, including technology platform, power-train technology, design and brand and to leverage this vehicles tapping into the PRC market. The new electric car to be developed by the joint venture company will combine Daimler's proprietary technologies in vehicle structure and safety areas and BYD's outstanding automobile battery and driving technologies. Daimler and BYD will together develop and launch the new electric car under a new brand to be registered and owned by the joint venture company. In February 2011, Shenzhen BYD Daimler New Technology Co., Ltd. has obtained business license and was officially established.

On 18 June 2010, BYD entered into a joint venture contract with Compagnie Générale de Location d'Equipements ("CGL") for the proposed establishment of a joint venture company named BYD Auto Finance Company Limited (比亞迪汽車金融有限公司) in Shenzhen, the PRC, which will be engaged in financing business for purchasing cars in mainland China, including by way of providing loans to end-customers of new cars. The registered capital of the joint venture company will be RMB500 million, of which BYD will contribute RMB400 million and CGL will contribute Euro equivalent of RMB100 million. The joint venture contract and the establishment of the joint venture company are subject to approval by the relevant PRC governmental authorities and in particular, the China Banking Regulatory Commission.

Rechargeable Battery Business

In 2010, the global handset market and the power tool market revived gradually from the financial crisis. During the Year, the Group's rechargeable battery and other related products business achieved stable growth and recorded revenue of approximately RMB4,582 million. During the Year, BYD maintained its leading position in the rechargeable battery market with a dominating global market share.

In the area of lithium-ion batteries, with its established leading position in the market for years and its high-quality and cost-effective products, the Group managed to maintain strategic partnerships with world-leading handset manufacturers and secure new projects and orders. In the area of nickel battery business, the economy of the US and Europe has been recovering in a slow pace and drove the orders for power tools and toys during the Year, leading to the recovery of the Group's nickel battery business from the bottom in 2009. As one of the world's largest nickel battery manufacturers, the Group managed to maintain its solid market share through its consistent high-quality nickel battery products for years.

During the Year, the Group further advanced its new energy plan focusing on electric vehicles, solar batteries and energy storage stations, and it commenced the commercial operation of its new energy business. The Group further invested in the enhancement of production capacity of lithium ferrous phosphate batteries and aggressively expand its application areas. During the Year, the lithium ferrous phosphate batteries was successfully applied in the Group's electric vehicles and energy storage stations to fully demonstrate the commercial reliability of lithium ferrous phosphate batteries.

Through the development of the solar battery business by way of vertical integration, the Group's production process covers the complete industry chain from polysilicon, silicon wafer, and extends to solar cell, solar module and solar power station, which effectively minimize production costs and maximize production efficiency. According to European Photovoltaic Industry Association ("EPIA"), the world's installed solar power capacity amounted to 7,203MW in 2009 while the estimated installed capacity would double to 15,515MW in 2010. The strong demand for solar power as a result of global economic development will bring huge business opportunities for the Group's solar power business. During the Year, Phase I of the Group's solar power base located in Shangluo was basically completed. Benefiting from the outstanding product competitiveness and strong market demand, sales amounted to approximately RMB758 million during the Year. With the gradual realization of the production capacity of Phase II, it is anticipated that this business will achieve sustainable growth in the future.

As an important part of the "Silicon-Iron Strategy" of the Group, the energy storage station business also made a major breakthrough during the Year. By leveraging the supporting policies of the State on new energy development, the Group actively participated in new energy projects associated with such policies, including the construction and demonstrative operation of solar power stations and energy storage stations. During the Year, the Group cooperated with a number of power grid companies and national scientific institutions inside or outside the PRC. Several MW energy storage stations were delivered successful.

Handset Components and Assembly Services

The Group provides customers with one-stop vertically integrated supply services continuously. During the Year, the Group recorded sales of approximately RMB20,553 million, representing a significant year-on-year increase of approximately 42.77%.

For handset components and assembly services, BYD Electronic (International) Company Limited ("BYD Electronic") is principally engaged in the manufacture and sales of handset components (including handset casings and keypads) and modules incorporated with handset components such as handset casings, microphones, connectors and other handset assembly parts, and the provision of handset design and assembly services, including high-level assembly service and printed circuit board (PCB) assembly service.

During the Year, benefiting from the popularization of smart phones, driving the rise of the domestic 3G handset market, the Group achieved significant growth in its handset components, assembly services and original design manufacturing service ("ODM"). As a result, the sales of BYD Electronic grew substantially to approximately RMB16,647 million (inclusive of its sales to the Group), representing a substantial growth of approximately 48.65% over 2009. Leveraging its strong product competitiveness, BYD Electronic cemented the cooperation relationship with its existing customers and enhanced its market share in other leading global manufacturers. Apart from handset components and assembly services undertaken by BYD Electronic, the Group's handset component products also include liquid crystal displays (LCDs), flexible PCBs and handset cameras. During the Year, the sales of non-BYD Electronic handset components was approximately RMB4,060 million, representing an increase of approximately 22.44% over 2009.

PROPOSED ISSUE OF A SHARES

During the Year, the Group proceeded with its plan of A Share Issue. Upon approval at the extraordinary general meeting and the class meetings held on 30 August 2010, the effective period of the resolutions in respect of the A Share Issue and the Authorizations had been extended for 12 months till 7 September 2011. For details, please refer to the announcement dated 13 July 2010, the circular dated 14 July 2010, and the announcement dated 30 August 2010 of the Company.

FUTURE PROSPECTS AND STRATEGIES

Automobile Business

Despite the expiry of a number of favorable automobile industry policies, such as Vehicle Purchase Tax Reduction Policy on Passenger Vehicles with an Engine Capacity of 1.6 Liters or Smaller (減徵1.6升及以下排量乘用車車輛購置稅), at the end of 2010, driven by the factors as the stable improvement of the living standard of urban and rural residents, accelerating urbanization and industrialization as well as the gradual revival of exports, the automobile industry is expected to maintain a stable growing trend. Looking forward to 2011, BYD will endeavor to improve its operation quality, product quality, channel management and profitability. The Group will further optimize its sales networks and formulate specific sales strategies for each model. In 2011, the Group will further diversify the models by launching the first SUV model S6, the high-end model G6 and the minivan model, so as to become an automobile manufacturer with a full range of vehicle models and enhance the proportion of medium-to-high-end vehicle models to its total sales volume, further enhancing its domestic market share. Meanwhile, the Group will put more efforts to expand overseas markets and actively increase presence in overseas markets in order to have stronger influence of its automobile products in the international market.

With increasing concerns over energy conservation and emission reduction across the globe, government from different countries has enlarged their degree of support to new energy vehicles accordingly. As for the PRC with a fast-developing economy, apart from the benefits of energy conservation and environmental protection, new energy vehicles also help to alleviating the shortage of petroleum resources in the PRC and reducing its reliance on imported petroleum. Therefore, the Chinese government has introduced favorable policies for new energy vehicles and improved the relevant ancillary facilities, so as to accelerate the commercialization and popularization of new energy vehicles. For example, Adjustment and Revitalization Planning for the Automobile Industry (《汽車產業調整和振興計劃》) and the Notice on Promoting the Pilot Work of Demonstrating Energy Conservation and New Energy Vehicles (《關於開展節能與新能源汽車示範推廣試點工作的通知》) issued in 2009 aimed to facilitate the scale manufacture and sale of electric vehicles. In view of the national support to new energy vehicles, the Group will continue to intensify its investment effort in the new energy vehicle business and expand the production capacity of electric vehicles to meet market demand. The Group will be committed to accelerating the industrialization of new energy automobiles in domestic and overseas markets to facilitate the development of the new energy automobile industry.

BYD will unswervingly follow the development path of "self-research and development, self-production and self-owned brand" continuously. It will further enhance its brand awareness and reputation as well as launch more competitive and diversified automobile products of good quality in order to become a global leading manufacturer of traditional and new energy vehicles.

Rechargeable Battery Business

Looking forward to 2011, the global handset market will gradually recover as the global economy picks up and a number of smart phones will be launched. The PRC is expected to become the world's second largest smart phone market following the US. Facing increasingly fierce competition in the handset market, the Group will continue to maintain its strategic cooperative partnership with the world-leading handset manufacturers, further diversify the application of battery products and expand the application areas of lithium ferrous phosphate batteries, so as to better prepare for the development of the new business fields such as electric vehicles and energy storage stations. The Group is confident in maintaining the steady development of the business, consolidating its leading position in the market and will cultivate a new growth momentum while bringing the Group a steady income.

The global demand for energy is steadily on the rise along with the economic development. In the light of increasingly tight supply of traditional energy and deteriorating environmental pollution, low-carbon and emission reduction are receiving more and more attention and support from government of different countries. As various countries accelerate the pace of curbing global warming currently and green environmental concept as a focus is also set out in the national 12th 5-year plan, the core of BYD's new energy business is low carbon, energy conservation and environmental protection. Looking forward to 2011, the Group will actively explore the solar battery business and invest in the research and development, manufacture and sales of solar batteries, therefore this business will become a new growth momentum of the Group. Meanwhile, the Group will strive to become a leading new energy manufacturer in the industry.

Energy storage stations can effectively solve the problem of network surf limits caused by fluctuations in new energy power and provide a cost-effective, safe and steady solution for the application of new energy power and the transformation of the global energy structure. By providing customers with a complete system consisting of solar battery products and energy storage stations, the Group will be capable of rendering one-stop solutions to the issues of new energy power generation, storage, continuous supply and subsequent applications. The Group will continue to diversify the application of energy storage stations in the domestic and international markets and actively expand the production capacity of energy storage batteries in order to establish its global leading position in the energy storage field.

New energy business is an important direction of BYD's future development. By leveraging its technology and cost advantages in the new energy sector, the Group is committed to achieving the scale commercial operation of its new energy business by establishing a strong new energy industry chain to facilitate the long-term and sustainable development of the business.

Handset Components and Assembly Services

In 2011, the handset market will continue to expand and the global output of handsets will steadily increase, which will in turn drive the growing demand for handset components, overall handset design and assembly services. With the constant increase in 3G users in the PRC, the Group will continue to place considerable resources in the research and development of 3G handsets. It will attract new customers and obtain more customer orders as well as enhanced market share by leveraging its vertically integrated strategy, handset products with price competitiveness and constantly increasing ODM capabilities. In addition, as the age of smart phones arrives officially, the landscape of the domestic telecommunication sector and the global handset sector is expected to undergo a major change. Looking forward, the Group will continue to improve its research and development capability and technologies, maintain and enhance product quality as well as cost advantages, and strive to develop an integrated global platform for manufacture and services, so as to further enhance its market position.

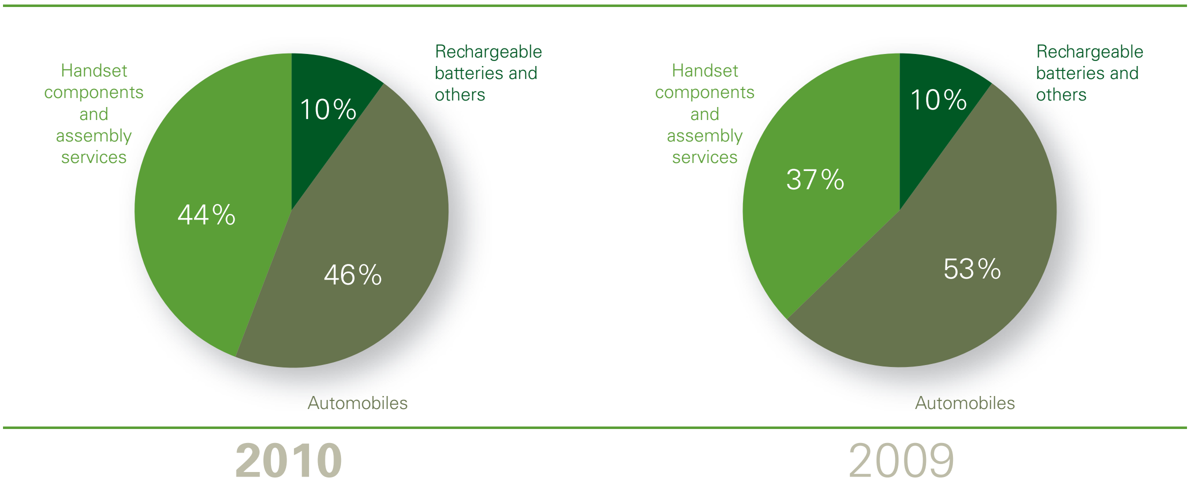
FINANCIAL REVIEW

Turnover and Profit attributable to Equity Holders of the Parent Company

During the Year, turnover increased by approximately 18.28% as compared to that of 2009, mainly due to the rapid growth of the handset components, assembly services and ODM businesses during the Year. Profit attributable to equity holders of the parent company decreased by approximately 33.48% as compared to the same period of the previous year, which was mainly attributable to intense competition and the increase in selling and distribution costs during the Year.

Segmental Information

The table below sets out comparisons of the Group's turnover by product category for the years ended 31 December 2009 and 2010:



During the Year, the handset components and assembly service businesses of the Group grew rapidly, accounting for a larger share of the overall turnover.

Gross Profit and Margin

During the Year, the Group's gross profit decreased by approximately 3.51% to approximately RMB8,264 million. Gross profit margin decreased from approximately 21.70% in 2009 to approximately 17.70% in the Year. The decrease in gross profit margin was mainly due to intense market competition and the change in product mix.

Liquidity and Financial Resources

During the Year, BYD generated operating cash inflow of approximately RMB3,139 million, compared with approximately RMB12,016 million in 2009. Total borrowings as at 31 December 2010, including all bank loans, were approximately RMB14,052 million, compared with approximately RMB3,654 million as at 31 December 2009. The maturity profile of the bank loans and interest thereof spread over a period of ten years, with approximately RMB11,363 million repayable within one year and approximately RMB1,244 million in the second year, approximately RMB1,651 million within three to five years and approximately RMB491 million over five years. The increase in total borrowings was mainly due to the expansion of production capacity and development of new businesses which led to an increase in capital expenditure. The Group maintained adequate liquidity to meet its daily management and capital expenditure requirements and controlled internal operating cash flows.

Turnover days of accounts and bills receivables remained relatively stable and stood at approximately 71 days for the year ended 31 December 2010, compared to approximately 73 days for the same period in 2009. Inventory turnover days shortened from approximately 70 days for the year ended 31 December 2009 to approximately 54 days for the year ended 31 December 2010. The shortening of inventory turnover days was mainly attributable to the year-on-year increase in sales amount and sales cost during the year; while average inventory had no material change compared to the same period last 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 senior management. As at 31 December 2010, borrowings were primarily settled in Renminbi, while cash and cash equivalents were primarily held in Renminbi and US dollar. The Group maintained an appropriate mix of financial equity and debt to ensure an efficient capital structure during the Year. The loans remaining outstanding as at 31 December 2010 were at fixed interest rates or floating interest rates for Renminbi loans and foreign currency loans.

Exposure to Foreign Exchange Risk

Most of the Group's income and expenditure are settled in Renminbi and US dollar. During the Year, the Group did not experience any significant difficulties in its operations or liquidity due to fluctuations in currency exchange rates. The directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt applicable measures to prevent exposure to exchange rate risk.

Employment, Training and Development

As at 31 December 2010, the Group had over 180,000 employees. During the Year, total staff cost accounted for approximately 14.39% of the Group's turnover. Employees' remuneration was determined based on performance, experience and prevailing industry practices, with compensation policies being reviewed on a regular basis. Bonuses and commission were also awarded to employees, based on their annual performance evaluation. Incentives were offered to encourage personal and career development.

Share Capital

As at 31 December 2010, the share capital of the Company was as follows:

	Number of shares issued	Percentage (%)
Domestic shares	1,482,000,000	65.14
H shares	793,100,000	34.86
Total	2,275,100,000	100.00

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the period from 1 January 2010 to 31 December 2010. During the Year, neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares.

CAPITAL COMMITMENT

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

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

Please refer to note 15 to this announcement for details of events after the reporting period.

SUPPLEMENTARY INFORMATION

Corporate Governance

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

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

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

Code A.2.1.

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

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

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

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

Audit committee

Audit Committee consists of three independent non-executive Directors and a non-executive Director. A meeting was convened by the Company's Audit Committee and the Company's auditors on 12 March 2011 to review the accounting policies and practices adopted by the Group and to discuss auditing, internal control, risk management and financial reporting matters (including the financial statements for the year ended 31 December 2010) for recommendation to the Board for approval.

Final dividend

The Board does not recommend the payment of final dividend for the year ended 31 December 2010.

Disclosure of Information on the Stock Exchange's Website

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

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

Hong Kong, 12 March 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Wang Chuan-fu being the executive Director, Mr. Lu Xiang-yang, Mr. Xia Zuo-quan and Mr. David L. Sokol being the non-executive Directors, and Mr. Lin You-ren, Ms. Li Dong and Mr. Wu Chang-qi being the independent non-executive Directors.