比亞迪電子(國際)有限公司
BYD ELECTRONIC (INTERNATIONAL) COMPANY LIMITED

(incorporated in Hong Kong under the Companies Ordinance with limited liability)

(Stock code: 285)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Turnover	37.89%	To RMB73,121 million
Gross profit	143.32%	To RMB9,629 million
Profit attributable to owners of the parent	240.59%	To RMB5,441 million
Earnings per share	240.59%	To RMB2.41
Proposed final dividend		RMB0.241 per share

HIGHLIGHTS

- The Group's overall business developed well, with business areas expanded and major customer business promoted, resulting in a year-on-year revenue growth of 37.89%.
- Benefiting from the optimized product structure and enhanced overall operating efficiency, the profitability was further improved and the net profit increased by 240.59%.
- Glass and ceramic product shipments continued to increase, resulting a substantial increase in revenue scale.
- The shipments of smart home, unmanned aerial vehicles and gaming hardware increased significantly, driving the rapid growth of the new intelligent product business.
- Against the backdrop of COVID-19, the Company entered into the medical and health business, in which medical protection products contributed positively to the growth of the Group's sales revenue and profits.

FINANCIAL RESULTS

The Board ("Board") of Directors (the "Directors") of BYD Electronic (International) Company Limited (the "Company" or "BYD Electronic") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 (the "Year") together with comparative figures in 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 *RMB'000*
REVENUE	*4*	**73,121,075**	53,028,376
Cost of sales		**(63,492,232)**	(49,071,048)
Gross profit		**9,628,843**	3,957,328
Other income and gains	*4*	**485,118**	561,599
Government grants and subsidies	*5*	**391,757**	236,979
Research and development expenses		**(2,913,274)**	(2,087,846)
Selling and distribution expenses		**(236,855)**	(256,786)
Administrative expenses		**(673,164)**	(619,132)
Impairment losses on financial assets, net		**1,694**	(15,961)
Loss on disposal of financial assets measured at amortised cost		**(896)**	(21,195)
Other expenses		**(391,088)**	(27,568)
Finance costs	*6*	**(71,333)**	(31,218)
PROFIT BEFORE TAX	*7*	**6,220,802**	1,696,200
Income tax expense	*8*	**(779,431)**	(98,555)
PROFIT FOR THE YEAR			
Attributable to owners of the parent		**5,441,371**	1,597,645
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year	*9*	**RMB2.41**	RMB0.71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**5,441,371**	1,597,645
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Trade receivable financing:		
Changes in fair value, net of tax	**(140)**	(13)
Impairment losses, net of tax	**90**	(80)
Exchange differences on translation of foreign operations	**1,477**	5,964
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**1,427**	5,871
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,427**	5,871
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,442,798**	1,603,516
Attributable to owners of the parent	**5,442,798**	1,603,516

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,692,721**	8,617,418
Right-of-use assets		**1,201,507**	1,183,290
Prepayments, other receivables and other assets		**589,473**	566,805
Other intangible assets		**8,914**	10,866
Loans to the ultimate holding company		**400,000**	399,160
Deferred tax assets		**–**	159,052
Other non-current financial assets		**14,593**	8,305
Total non-current assets		**11,907,208**	10,944,896
CURRENT ASSETS			
Inventories		**6,891,357**	5,400,912
Trade receivables	*10*	**14,391,466**	9,567,370
Trade receivable financing		**88,400**	45,230
Prepayments, other receivables and other assets		**1,231,281**	381,766
Derivative financial instruments		**–**	15,520
Due from related parties		**–**	236
Pledged deposits		**487**	20,314
Cash and cash equivalents		**3,465,889**	1,650,730
Total current assets		**26,068,880**	17,082,078
Total assets		**37,976,088**	28,026,974
CURRENT LIABILITIES			
Trade and bills payables	*11*	**8,145,851**	7,339,882
Other payables and accruals		**4,295,401**	2,679,785
Lease liabilities		**330,984**	253,840
Derivative financial instruments		**587**	17,055
Tax payable		**57,459**	108,256
Interest-bearing bank and other borrowings		**2,009,247**	–
Total current liabilities		**14,839,529**	10,398,818
NET CURRENT ASSETS		**11,229,351**	6,683,260
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,136,559**	17,628,156

	Notes	**2020** **RMB'000**	2019 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**312,616**	18,377
Lease liabilities		**404,596**	498,252
Deferred income		**147,054**	122,054
Total non-current liabilities		**864,266**	638,683
Net assets		**22,272,293**	16,989,473
EQUITY			
Share capital	*12*	**4,052,228**	4,052,228
Other reserves		**18,220,065**	12,937,245
Total equity		**22,272,293**	16,989,473

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results for the year ended 31 December 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2020 in due course.

1. CORPORATE INFORMATION

The Company was incorporated in Hong Kong with limited liability on 14 June 2007.

The Company's shares have been listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 December 2007.

The registered office of the Company is located at part of Unit 1712, 17th Floor, Tower 2, Grand Central Plaza, No. 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong.

The Group provides world renowned customers with new material development, product design and development, parts and components as well as complete machine manufacturing, supply chain management, logistics, after-sales and other one-stop services. Its products cover four major areas including smartphone and PC, new intelligent product, automotive intelligent system and medical and health.

In the opinion of the directors, the immediate holding company of the company is Golden Link Worldwide Limited, an enterprise incorporated in the British Virgin Islands, and the ultimate holding company of the Company is BYD Company Limited, a company established in the PRC whose H shares are listed on the Stock Exchange and A shares are listed on the Small and Medium Enterprise Board of Shenzhen Stock Exchange.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation or registration and operations	Issued ordinary／registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Lead Wealth International Limited ("Lead Wealth") (領裕國際有限公司)***	British Virgin Islands	US$50,000	–	100	Investment holding
BYD Precision Manufacture Co., Ltd. ("BYD Precision") (比亞迪精密製造有限公司)*	PRC/Mainland China	US$145,000,000	–	100	Manufacture and sale of mobile handset components,modules and other products
Huizhou BYD Electronic Co., Limited ("Huizhou Electronic") (惠州比亞迪電子有限公司)**	PRC/Mainland China	US$110,000,000	–	100	High-level assembly

Continued···

Company name	Place of incorporation or registration and operations	Issued ordinary／registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
BYD India Private Limited (“BYD India “)***	India	INR2,562,804,780	–	100	Manufacture and sale of mobile handset components and modules, manufacture and sale of battery, charger, iron-phosphate batteries used in electric bus, electric truck, electric car, electric forklift and its components & spare parts, building and maintaining monorail projects
Xi’an BYD Electronic Co., Limited (“Xi’an Electronic”) (西安比亞迪電子有限公司)*	PRC/Mainland China	RMB100,000,000	–	100	Manufacture and sale of mobile handset components
BYD (Changsha) Electronic Co., Limited (“Changsha Electronic”) (長沙比亞迪電子有限公司)*	PRC/Mainland China	RMB50,000,000	–	100	Manufacture and sale of mobile handset components
BYD (Shaoguan) Electronic Co., Limited (“Shaoguan Electronic”) (韶關比亞迪電子有限公司)*	PRC/Mainland China	RMB30,000,000	–	100	Manufacture and sale of mobile handset components

* These subsidiaries are registered as wholly-foreign-owned enterprises under PRC law.

** Huizhou Electronic is registered as a Sino-foreign joint venture under PRC law.

*** These subsidiaries are registered as wholly-foreign-owned enterprises under foreign law.

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

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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, trade receivable financing and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

    During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's plant and machinery have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. No reduction in the lease payments arising from the rent concessions has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020. The amendment did not have any impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3,5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments did not have any impact on the financial position and performance of the Group.

The Group had no interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 31 December 2020. If the interest rates are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

The Group's primary business is the manufacture, assembly and sale of mobile handset components, modules and other products. For management purposes, the Group is organised into one operating segment based on industry practice and management's vertical integration strategy. Management monitors the results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. No further analysis thereof is presented. Segment performance is evaluated based on the revenue and profit before tax which is consistent with the Group's revenue and profit before tax.

Geographical information

(a) Revenue from external customers

	2020	2019
	RMB'000	*RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**51,105,296**	43,600,079
Overseas	**22,015,779**	9,428,297
	73,121,075	53,028,376

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

(b) Non-current assets

	2020	2019
	RMB'000	*RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**11,231,125**	10,176,689
Overseas	**261,490**	201,690
	11,492,615	10,378,379

The non-current asset information above is based on the locations of the assets and excludes financial instruments, loans to the ultimate holding company and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years accounting for over 10% of the total sales of the Group is as follows:

	2020 *RMB'000*
Customer A[1]	**19,236,410**
Customer B[1]	**14,541,686**
Customer C[1]	**13,995,132**
Customer D[1]	**7,567,356**
	55,340,584

	2019 *RMB'000*
Customer A[1]	27,198,937
	27,198,937

[1]Revenue from major customers comes from the sale of mobile handset components, modules and other products.

4. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

Segments	**2020** ***RMB'000***	2019 *RMB'000*
Types of goods or services		
Sale of mobile handset components, modules and other products*	**73,058,147**	53,028,376
Rendering of services	**62,928**	–
Total revenue from contracts with customers	**73,121,075**	53,028,376
Geographical markets		
PRC (including Hong Kong, Macau, and Taiwan)	**51,105,296**	43,600,079
Overseas	**22,015,779**	9,428,297
Total revenue from contracts with customers	**73,121,075**	53,028,376
Timing of revenue recognition		
Goods transferred at a point in time	**73,058,147**	53,028,376
Services transferred over time	**62,928**	–
Total revenue from contracts with customers	**73,121,075**	53,028,376

* The sale of medical protection products is included in the sale of mobile handset components, modules and other products.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of mobile handset components, modules and other products	**412,913**	247,115

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 are as follows:

	2020	2019
	RMB'000	*RMB'000*
	VAT inclusive	VAT inclusive
Within one year	**336,545**	455,057
More than one year	**69,210**	11,535
	405,755	466,592

	2020	2019
	RMB'000	*RMB'000*
Other income		
Bank interest income	**32,418**	34,419
Other interest income	**18,050**	19,264
Sale of scrap and materials	**286,252**	336,166
Compensation from suppliers and customers	**65,066**	46,809
Foreign exchange gain, net	**–**	78,411
Others	**83,332**	46,530
	485,118	561,599

5. GOVERNMENT GRANTS AND SUBSIDIES

	2020	2019
	RMB'000	*RMB'000*
Related to assets		
Others	**81,072**	9,585
Related to income		
Support fund for industrial co-construction *(note (a))*	**2,851**	98,696
Subsidies on research *(note (b))*	**90,175**	10,645
Subsidies on employee stability *(note (c))*	**5,724**	7,129
Employee related subsidies *(note (d))*	**89,996**	–
Subsidies on operating expense	**71,485**	92,680
Others	**50,454**	18,244
	391,757	236,979

Notes:

(a) The item represents subsidy income obtained by subsidiaries of the Group from the government for industrial development. Relevant expenditures incurred during the reporting period were recognised as government subsidies.

(b) The item represents subsidy income obtained by subsidiaries of the Group from the government for the use of R&D expenses. Relevant expenditures incurred during the reporting period were recognised as government subsidies.

(c) The item represents subsidy income obtained by subsidiaries of the Group from the government for maintaining employee stability. Relevant expenditures incurred during the reporting period were recognised as government subsidies.

(d) The items represent subsidy income obtained by subsidiaries of the Group from the government for maintaining employee stability and expansion and training. Relevant expenditures incurred during the reporting periods were recognised as government subsidies.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on bank borrowings	**35,356**	479
Interest on lease liabilities	**35,977**	30,739
	71,333	31,218

7. PROFIT BEFORE TAX

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

	2020 *RMB'000*	2019 *RMB'000*
Cost of inventories sold#	**63,488,885**	49,046,172
Depreciation of property, plant and equipment	**1,755,207**	2,051,241
Depreciation of right-of-use assets	**282,188**	217,267
Research and development costs:		
Current year expenditure	**2,913,274**	2,087,846
Lease payments not included in the measurement of lease liabilities	**157,096**	131,764
Auditors' remuneration	**1,440**	1,490
Amortisation of intangible assets##	**4,734**	7,401
Employee benefit expense (excluding directors', supervisors' and senior executive officers' remuneration		
Wages and salaries	**9,575,879**	7,176,850
Retirement benefit scheme contributions	**409,833**	428,452
	9,985,712	7,605,302
Impairment of trade receivables, net###	**698**	14,633
Write-down of inventories to net realisable value####	**3,347**	24,876
Impairment of other receivables, net	**(1,642)**	1,648
Impairment of trade receivable financing, net	**90**	(80)
Loss on disposal of items of property, plant and equipment	**83,536**	17,239
Fair value (gains)/losses, net:		
Derivative instruments	**(948)**	1,535
Other non-current financial assets	**(6,288)**	(1,602)
Foreign exchange losses/(gains), net	**243,450**	(78,411)

Cost of inventories sold represents "Cost of sales" in the consolidated statement of profit or loss after excluding write-down of inventories to net realisable value

Included in "Administrative expenses" in the consolidated statement of profit or loss

Included in "Impairment losses on financial assets, net" in the consolidated statement of profit or loss

Included in "Cost of sales" in the consolidated statement of profit or loss

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("CIT") at a statutory rate of 25% on their respective taxable income during the year.

BYD Precision renewed its status of a high and new technology enterprise in 2018, and was entitled to a reduced enterprise income tax rate of 15% from 2018 to 2020.

Huizhou Electronic renewed its status of a high and new technology enterprise in 2018, and was entitled to a reduced enterprise income tax rate of 15% from 2018 to 2020.

Shaoguan Electronic was approved to be a high and new technology enterprise in 2018, and was entitled to a reduced enterprise income tax rate of 15% from 2018 to 2020.

Xi'an Electronic which operates in Mainland China was entitled to a reduced enterprise income tax rate of 15% of the estimated assessable profits for the year pursuant to the Western Development Policy.

Shantou Electronic was approved to be a high and new technology enterprise in 2020, and was entitled to a reduced enterprise income tax rate of 15% from 2020 to 2022.

BYD India is subject to income tax at a rate of 26% (2019: 26%).

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. No provision has been made for profits tax in jurisdictions other than Mainland China and Hong Kong as the Group had no assessable profits derived from these countries.

The major components of the income tax expense for the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**326,041**	155,517
Current – Elsewhere	**100**	–
Deferred	**453,290**	(56,962)
Total tax charge for the year	**779,431**	98,555

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

	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**6,220,802**		1,696,200	
Tax at the applicable tax rate	**1,555,201**	**25.0**	424,050	25.0
Expenses not deductible for tax	**17,748**	**0.3**	4,795	0.3
Lower tax rate for specific provinces or enacted by local authority	**(585,129)**	**(9.4)**	(159,489)	(9.4)
Super-deduction of research and development costs	**(210,455)**	**(3.4)**	(169,696)	(10.0)
Tax losses utilised from previous periods	**(9,644)**	**(0.2)**	(1,880)	(0.1)
Tax losses and deductible differences not recognised	**11,710**	**0.2**	775	–
Tax charge at the Group's effective rate	**779,431**	**12.5**	98,555	5.8

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

The calculation of the basic earnings per share amount for the year 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 2,253,204,500 (2019: 2,253,204,500) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 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:

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**5,441,371**	1,597,645

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,253,204,500**	2,253,204,500

10. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**14,502,826**	9,684,530
Impairment	**(111,360)**	(117,160)
	14,391,466	9,567,370

The Group's trading terms with its customers are mainly on credit. The credit period is generally two 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 a certain concentration of credit risk as 32% (2019: 34%) and 59% (2019: 66%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging 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:

	2020	2019
	RMB'000	*RMB'000*
Within 90 days	**13,787,063**	9,011,492
91 to 180 days	**587,382**	511,649
181 to 360 days	**17,021**	43,899
Over 360 days	**–**	330
	14,391,466	9,567,370

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**117,160**	102,527
Impairment losses	**17,400**	19,973
Impairment losses reversed	**(16,702)**	(5,340)
Amount written off as uncollectible	**(6,498)**	–
At end of the year	**111,360**	117,160

There are no significant changes in the loss allowance.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by product type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

	Aging as at 31 December 2020				
	Within 90 days	**91 to 180 days**	**181 to 360 days**	**Over 1 year**	**Total**
Expected credit loss rate	**0.15%**	**0.18%**	**0.19%**	**100.00%**	**0.77%**
Gross carrying amount (RMB' 000)	**13,808,229**	**588,442**	**17,053**	**89,102**	**14,502,826**
Expected credit losses (RMB' 000)	**21,166**	**1,060**	**32**	**89,102**	**111,360**

As at 31 December 2019

	Aging as at 31 December 2019				
	Within 90 days	91 to 180 days	181 to 360 days	Over 1 year	Total
Expected credit loss rate	0.18%	0.21%	0.21%	99.67%	1.21%
Gross carrying amount (RMB' 000)	9,027,942	512,726	43,991	99,871	9,684,530
Expected credit losses (RMB' 000)	16,450	1,077	92	99,541	117,160

The net carrying amount of due from the holding companies and fellow subsidiaries included in the above are as follows:

	2020	2019
	RMB'000	*RMB'000*
Due from the ultimate holding company	**156,295**	157,760
Due from the intermediate holding company	**132,893**	164,230
Due from fellow subsidiaries	**3,559,639**	396,975
Due from other related parties	**6,390**	–
	3,855,217	718,965

The balances are unsecured, non-interest-bearing and on credit terms similar to those offered to the major customers of the Group.

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:

	2020	2019
	RMB'000	*RMB'000*
Within 90 days	**7,461,850**	6,405,173
91 to 180 days	**534,718**	780,576
181 to 360 days	**139,870**	51,550
1 to 2 years	**6,532**	95,005
Over 2 years	**2,881**	7,578
	8,145,851	7,339,882

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

The balances due to the holding companies, fellow subsidiaries and other related companies included in the above are as follows:

	2020	2019
	RMB'000	*RMB'000*
Due to the ultimate holding company	**57,509**	150,210
Due to the intermediate holding company	**3,559,689**	1,377,758
Due to fellow subsidiaries	**3,131,627**	3,546,888
Due to other related parties	**156**	–
	6,748,981	5,074,856

The balances are unsecured, non-interest-bearing and repayable on demand.

12. SHARE CAPITAL

	2020	2019
	RMB'000	*RMB'000*
Shares		
Issued and fully paid:		
2,253,204,500 (2019: 2,253,204,500) ordinary shares	**4,052,228**	4,052,228

13. DIVIDENDS

The Board has resolved to declare a final dividend for the year ended 31 December 2020 of RMB0.241 per share (for the year ended 31 December 2019: RMB0.071 per share). The proposed final dividend is subject to consideration and approval at the Company's annual general meeting (the "AGM").

The final dividend will be denominated and declared in RMB but will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People's Bank of China during the five business days prior to the date of declaration of the dividend at the AGM.

The Company will issue announcement, circular and notice of AGM regarding the AGM in accordance with the Listing Rules and the Articles of Association of the Company. The Company will also make separate announcement regarding the record date and date of closure of register of members for the payment of the final dividend. It is expected that the final dividend will be distributed before 31 August 2021.

	2020 ***RMB'000***	2019 *RMB'000*
Interim Nil (2019: Nil) per ordinary share	**–**	–
Proposed final RMB0.241 (2019: RMB0.071) per ordinary share	**543,022**	159,978
	543,022	159,978

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

14. CONTINGENT LIABILITIES

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.

BUSINESS REVIEW

The Group is a global leading high-end platform-based manufacturing enterprise, providing customers with new materials development, product design and development, parts and components as well as complete machine manufacturing, supply chain management, logistics, after-sales and other one-stop services. The Group offers a wide variety of businesses ranging from smart phones, smart wearables, computers, Internet of Things, smart home, game hardware, robots, unmanned aerial vehicles, communication equipment, electronic atomization, automotive smart system equipment, health devices to other diversified market areas. Leveraging on its industry-leading R&D and manufacturing capabilities, diversified product portfolio and high quality customer resources, the Group's business has stepped into a new round of rapid growth cycle.

In 2020, the global economy was placed under continuous pressure as hit hard by the COVID-19 epidemic. China demonstrated its resilience and underlying security, with a strong economic recovery. Its GDP exceeded RMB100 trillion for the first time in 2020, representing a year-on-year increase of 2.3%. During the Year, in the face of the complex external situation and the repercussions of the trade conflict between China and the United States, the Group maintained a stable operation and proactive market expansion strategy, and achieved further growth in sales volume with increasingly broad coverage and continuous increase in product share, and continued introduction of new customers and projects. In 2020, the Group recorded sales of approximately RMB73,121 million, representing a year-on-year increase of approximately 37.89%. During the period under review, the Group actively promoted lean production, reduced costs and increased efficiency, and thus the overall operation efficiency was further improved. At the same time, the Group actively expanded its business, with further growth in the market share of major customers, and continued expansion of business scale, especially the rapid growth in the shipments of glass and ceramic products; successfully introduced new customers in the new intelligent product segment, with significant growth in business scale and creation of new space for growth; the development of the automotive intelligent system business also outperformed the market. Meanwhile, the Group commenced manufacturing of medical protection products, which provided positive contribution to the growth of the Group's revenue and profit. The Group's profitability achieved improvement benefiting from the optimized product structure and enhanced overall operating efficiency. During the Reporting Period, profit attributable to shareholders increased significantly by 240.59% to approximately RMB5,441 million as compared to the same period of last year.

The market penetration and shipment of global 5G smart phones increased continuously despite the weak demands in the overall smart phone terminal market and the decline of the shipment of global smart phones under the heavy pressure imposed by the pandemic. According to the statistics by the market research institute IDC, the global smart phone shipments in 2020 were 1.292 billion units, a year-on-year decrease of 5.9%. According to data released by China Academy of Information and Communication Technology, the domestic smart phone shipments in China fell 20.4% year on year to 296 million units in 2020, while 5G smart phone shipments were on the rise, with a cumulative annual shipment of 163 million units. At the same time, the epidemic also catalyzed new business opportunities, such as online education, remote office, and online entertainment, leading to a year-on-year increase in the sales volume of laptops and tablets. According to the data released by the research firm IDC, more than 300 million units of PC were shipped globally in 2020, up 13.1% year on year, and 164.1 million units of tablet were shipped globally, up 13.6% year on year. Benefiting from the forward-looking vision in multiple new materials needed for the 5G mobile terminals, the Group's metal parts business for smart phones developed steadily, maintaining its leading position in the industry, with a stable growth in market share, during the Reporting Period. In addition to smart phones, the Group also supplies a large number of metal parts for wearables and laptops, with a good development momentum. At the same time, the Group's glass parts were supplied for major first-tier brands. With the continuous increase in market share and sales volume, the glass parts segment saw not only significant growth in revenue scale, but also further improved profitability. The Group significantly expanded the production capacity of its core products and rapidly improved production efficiency, and thus successfully achieved the target output of its core products and gained high recognition from the major customers from North America. During the Reporting Period, the projects of major customers from North America for structural parts and Electronic Contract Manufacturing Service ramped up mass production, driving the business scale to achieve multi-fold growth year on year. Leveraging on its strong capability in technology and innovation, advanced manufacturing, excellent delivery capability, as well as the high quality services, the Group constantly received high recognition from its customers. During the Reporting Period, the Group successfully won the annual Best Strategic Partnership Award and Quality Excellence Award from a number of well-known brands, which helps to promote the long-term development of the Group and the continued enhancement of brand values. During the Reporting Period, the Group recorded revenue of RMB48,719 million from the mobile phone and laptop business, representing an increase of approximately 7.29% over 2019. In particular, revenue from components and parts amounted to approximately RMB17,567 million, representing a decrease of approximately 5.36% as compared to the same period in 2019; and revenue from assembly amounted to approximately RMB31,152 million, representing an increase of 16.03 % as compared to the same period in 2019.

In respect of new intelligent product business, by the continuous expansion of the business scope and introduction of new customers, the Group has formed a comprehensive array of business domains covering smart home, gaming hardware, robots, unmanned aerial vehicles, electronic atomization, intelligent commercial equipment, etc., and has established close and good cooperation with domestic and foreign high-quality customers. In 2020, despite the severe impact of the COVID-19 epidemic on the world economy, smart home devices and gaming hardware still maintained their growth momentum and became the new business opportunities amidst the lockdown during the epidemic. IDC expected that smart home device shipments would reach 854 million units in 2020, up 4.1% year on year, and gaming laptop shipments would reach 22.3 million units. During the Reporting Period, the Group's new intelligent product business has been blossoming fully with strong development momentum. The shipments of smart home devices and gaming hardware rose significantly, which has driven a significant increase in the business scale year on year. In respect of the unmanned aerial vehicles, the Group provided spare parts and assembly services to leading Chinese enterprises and introduced a number of projects during the Year, contributing to new business growth. During the Reporting Period, the Group recorded a revenue of RMB9,476 million from the new intelligent product business, accounting for 12.96% of the overall revenue and representing an increase of approximately 57.27% over 2019.

In respect of automotive intelligent system, the downstream part of the auto industry was dragged down by the COVID-19 epidemic at the beginning of the Year, leading to sharp decline in sales volume of automobiles in a short time, but the recovery surpassed the expectation in the second half of the Year. According to the data released by China Association of Automobile Manufacturers (CAAM), China's production and sales volume of automobile in 2020 were 25.225 million units and 25.311 million units respectively, down 2.0% and 1.9% year on year respectively, with a falling gap narrowed down by 5.5 and 6.3 percentage points respectively as compared to the previous year, and ranked first in the world for 12 consecutive years. In respect of the new energy vehicles, the growth accelerated, with production and sales volume reaching a record high in December, with annual production and sales volume of 1.366 million and 1.367 million units respectively, up 7.5% and 10.9% year on year.

During the Year, although the automotive industry was affected by the COVID-19 epidemic in the short term, the development trend of electrification and intelligence of automobiles remains unchanged. Riding on its parent company's automotive industry platform and its own comprehensive strengths in research and development and intellectual manufacturing, the Group has been actively developing its automotive intelligent systems business, which has outperformed the market. The Group's central control system for top-tier domestic automobile manufacturers successfully achieved mass production during the Year, while extensive cooperation with domestic and overseas automobile brands led to the introduction of a number of new projects that are expected to achieve mass production in the coming years, providing momentum for the Group's long-term development. During the Year, the Group recorded a revenue of RMB1,817 million from the automotive intelligent system business, accounting for 2.49% of the overall revenue and representing an increase of approximately 13.98% over 2019.

In 2020, the Group launched the production line of protective products as performance of its social responsibility amidst the epidemic, which greatly alleviated the shortage of medical supplies and positively contributed to the Group's revenue and profit.

In order to fully support the global expansion of its business, the Group has constantly promoted the global strategy over the years and plan to establish advanced manufacturing bases in many countries and regions. During the Year, the Group overcame the challenges brought by the epidemic and actively promoted the establishment of overseas factories so as to make full preparation for mass production of overseas projects, laying a solid foundation for sustainable business development.

STRATEGY FOR FUTURE DEVELOPMENT

Looking ahead to 2021, the global economy is expected to rebound from the downturn in 2020 and gradually improve with the roll-out and the full use of effective vaccine. However, due to the different severity of the epidemic, and different political and economic environments of each country or region, the pace of recovery is expected to vary, and coupled with the continued tension in the international political situation, there will be many uncertain changes, bringing greater challenges to the global economic growth. China's economy has quickly recovered from the epidemic, and is expected to be much more optimistic than that of other economies in 2021, but close attention should be paid to the future developments in US-China political and economic relations. 2021 is the first year of China's 14th Five-Year Plan period. The Fifth Plenary Session of the CPC Central Committee clearly stated that during the 14th Five-Year Plan period, China will focus on promoting high-quality development, promoting technological innovation and upgrading the industrial structure, using reform and innovation as the fundamental driving force, comprehensively promoting consumption, expanding investment space, and adhering to a high level of openness to the outside world, which will promote the sustainable and healthy development of China's economy. Despite the macroeconomic pressure, the Group's core business is robust, with more customer orders, increased market share, and rapidly boosted new product lines, and thus the management believes that the Group's business will maintain a good development trend with continuous breakthroughs.

In 2021, the smart phone and laptop business is expected to see a full recovery in market demand thanks to the economic recovery and the continued advancement of 5G technology in the post-epidemic era. According to the forecast report published by the market research firm TrendForce, in 2021, the total production of global mobile phone will increase by 9% to 1.36 billion units year on year, and the 5G smart phone shipments are expected to double to approximately 500 million units, raising the market penetration rate to 37%, and the global laptop shipments are likely to grow to 217 million units, an annual growth rate of 8.6%. As an industry leader with leading technology and advanced manufacturing capabilities, the Group will benefit more from the rebounding prosperity in the industry, and its business scale will increase, especially the glass and ceramics business, which is expected to see a further increase in market share and shipments. While maintaining its leading position in the Android segment, the Group will continue to vigorously develop its business with the major customers from North America, focusing on increasing the share of existing products and expanding more categories of products, continuously optimizing its customer structure and product portfolio, and realizing the coordinated and rapid development of component business and assembly business, to inject new growth momentum into the smart phone and laptop business.

In respect of the new intelligent products, with the advent of 5G and artificial intelligence era, the huge growth potentials in areas for which much endeavors have been made by the Group, such as smart home, Internet of Things (IoT), smart city, and unmanned aerial vehicles, will be further released. According to IDC's previous report, the smart home device market is expected to show rapid growth, and the shipments of global smart home device are expected to rise to 1.44 billion units by 2021, a compound annual growth rate of 14%. The Group will continue to grasp the huge business opportunities in the new intelligent product market, expand its product categories, diversify its business footprint, increase its investment in research and development and upgrade its product technologies, develop new customers and continuously increase its market share. In particular, business segments such as unmanned aerial vehicles and smart home devices will enter the stage of sharp growth in sales volume and help propel the Group to a high growth trajectory.

In respect of the automotive intelligent system, with the continuous development and application of technologies such as the electrification, intelligence, and autonomous driving of automobiles, the automobile will become a connector, connecting people with automobile and everything in the travel scenario. In November 2020, the General Office of the State Council issued the "Development Plan for New Energy Vehicle Industry (2021-2035)", which explicitly proposes to promote the deep integration of electrification with Internet of Things and intelligence technologies. This plan also clearly sets out a two-stage development vision by 2025 -2035: increasing the proportion of sales volume of the first-hand new energy vehicles to 20% by 2025; making pure electric vehicles become the mainstream of newly sold automobiles by 2035, with a high degree of scale application of self-driving intelligent networked automobiles. It is expected that by 2021, the global market inventory for networked automobiles will reach 380 million units, with an increase in sales volume to 94 million units, accounting for 82% in the automobile market, and a market size of over RMB100 billion. With the continued innovation and development of the automotive market, the Group's automotive intelligence system business will thus enter into the fast track of development. The Group will increase its investment in research and development to expand product line, and continue to deepen cooperation with automobile OEMs at home and abroad, so as to realize the long-term development of its automotive intelligent system business.

In respect of the medical and health business, the Group's epidemic prevention products have been certified by professional organizations in many countries and regions, which is also an opening for the subsequent expansion of other medical and health products. Driven by the epidemic, China is expected to strengthen investment in the medical and health sector to enhance the community's ability to respond to public health emergencies, including upgrading the ICU configuration, improving capacity of grass-root medical organizations in diagnosis and treatment, and strengthening the level of personal medical protection at home, which will have a profound influence on the medical and health industry. As one of the most important segments in the whole medical and health industry, China's medical device market has already reached a terminal procurement scale of over trillion dollars and has shown a steady growth. The Group has established a team dedicated to the medical and health business. Meanwhile, leverage on its advantages in precision manufacturing technology and R&D in software and hardware, the Group further expands its medical and health products to cultivate a new backbone for the its future development.

As a global leading high-end platform-based manufacturing enterprise, BYD Electronics continues to enhance its position in the supply chain of its major customer from North America while consolidating its position as a leader in Android-based products, with a view to expand its core product lines and gain a larger market share. Driven by the dual business strategy, the Group's long-term growth potential will be guaranteed. In addition, the Group is precisely positioned in the automotive intelligent system business, and is strengthening its efforts in emerging market areas such as unmanned aerial vehicles, robots, game and medical and health products. In 2021, the Group is expected to fully benefit from the rapid development of various market sectors, and the overall sales scale and performance have huge growth potential.

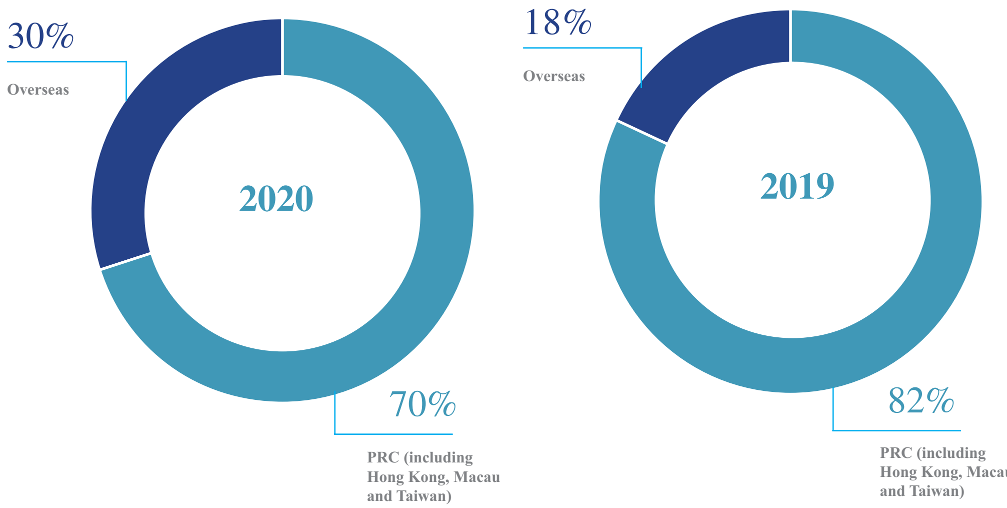
Looking ahead, BYD Electronic will adhere to its core corporate values, respond to the market changes in a keen way, and commit itself to enhancing technological innovation and upgrading intelligent manufacturing to continuously build its core competitiveness and maintain the leadership in the industry, in an effort to create value for clients, shareholders and investors while promoting business long-term and sustainable development.

FINANCIAL REVIEW

Revenue recorded an increase of 37.89% as compared to the previous year. Profit attributable to equity holders of the parent recorded an increase of 240.59% as compared to the previous year, mainly because that with the optimization of the product mix and improvement in the overall operational efficiency, the profitability of the Group has been enhanced.

SEGMENTAL INFORMATION

Set out below is the comparison of geographical segment information by customer location of the Group for the years ended 31 December 2020 and 2019:



GROSS PROFIT AND MARGIN

The Group's gross profit for the Year increased by approximately 143.32% to approximately RMB9,629 million. Gross profit margin increased from approximately 7.46% in 2019 to 13.17%. The increase in gross profit margin was mainly because that with the optimization of the product mix and improvement in the overall operational efficiency, the profitability of the Group has been enhanced.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group recorded cash inflow from operations of approximately RMB3,209 million, compared with approximately RMB379 million recorded in 2019. The increase in the cash inflow of the Group recorded during the period was mainly due to the increase in cash received from goods sold. As of 31 December 2020, the Group had bank borrowings of RMB2,009 million (31 December 2019：Nil).

The Group maintained sufficient liquidity to meet daily liquidity management and capital expenditure requirements, and control internal operating cash flows. Turnover days of trade receivables and receivable financing were approximately 60 days for the year ended 31 December 2020, compared with approximately 58 days for the year ended 31 December 2019, which showed no significant changes. Turnover days of inventory for the year ended 31 December 2020 were approximately 36 days, compared with approximately 39 days for the year ended 31 December 2019, which showed no significant changes.

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 of 31 December 2020, the Group had bank borrowings of RMB2,009 million and its cash and cash equivalents were mainly held in Renminbi and US dollars. The Group's current bank deposits and cash balances and fixed deposits, as well as the Group's credit facilities and net cash derived from operating activities, will be sufficient to satisfy the Group's material commitments and working capital, capital expenditure, business expansion, investments and the expected debt repayment for at least the next year.

The Group monitors capital using a gearing ratio, which is net liabilities divided by equity. The Group's policy is to maintain the gearing ratio as low as possible. Net liabilities include interest-bearing bank borrowings, less cash and bank balances. Equity represents equity attributable to owners of the parent. The gearing ratio was -3.24% as at 31 December 2020 (-5.29% as at 31 December 2019).

EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the Group's income and expenditure are settled in RMB and US dollar. During the Year, 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 will have sufficient foreign exchange to meet its own foreign exchange needs.

CHARGE ON ASSETS

As at 31 December 2020, a bank deposit of approximately RMB487,000 was pledged for guarantee deposits (RMB20,314,000 as at 31 December 2019).

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2020, the Group had approximately 100.3 thousand employees. During the Year, total staff cost accounted for approximately 14.49% of the Group's revenue. Employees' remuneration was determined based on performance, qualifications and prevailing industry practices, with compensation policies being reviewed on a regular basis. Employees may receive bonuses, based on their annual performance evaluation. Incentives were offered to encourage personal motivation. The Company did not adopt any share option scheme.

In 2020, the Group has standardized a three-tier training framework for new staff members and has concretely carried out training. The subjects, hours and assessment methods of the three-tier training framework are clearly stated, and safety training materials and examination questions are drafted according to the job nature of employees. New employees are required to attend the training and pass the examination before taking on the job.

DIVIDEND DISTRIBUTION POLICY

The Company seeks to maintain a balance between meeting shareholders' expectations and prudent capital management with sustainable dividend policy. The Company's dividend policy aims to allow shareholders to share the Company's profits and the Company to retain adequate reserves for future growth. In proposing any dividend payout, the Company would consider various factors including (i) the financial performance and overall financial position of the Group; (ii) the debt-to-equity ratio and return on equity of the Group; (iii) the liquidity position and capital requirements of the Group; (iv) the current and future operation of the Group; (v) the business development strategy and future expansion plans of the Group; (vi) the general market conditions; (vii) any relevant requirements of the Listing Rules and applicable laws, rules and regulations as well as the Company's Articles of Association; and (viii) any other factors which the Board deems relevant. The final dividend shall be approved at the general meeting after thorough discussion and compliance with relevant decision-making procedures. Compliant with the conditions under the dividend distribution policy, the Board may propose interim dividend distribution based on the profitability and capital requirements of the Company.

The Company shall review and reassess the dividend policy and its effectiveness on a regular basis or when necessary.

FINAL DIVIDEND

The Board has resolved to declare a final dividend of RMB0.241 per share (2019: RMB0.071 per share) for the year ended 31 December 2020 which is subject to consideration and approval at the Company's AGM. Please refer to note 13 to the financial statements included in this announcement for details of the final dividend.

SHARE CAPITAL

As at 31 December 2020, the share capital of the Company was as follows:

Number of ordinary shares issued: 2,253,204,500 shares.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company or its subsidiaries did not redeem any of its shares during the period from 1 January 2020 to 31 December 2020. During the Year, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities.

SIGNIFICANT INVESTMENT HELD

Except as disclosed herein, the Group did not have any significant investments during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES AND MATERIAL INVESTMENTS OF CAPITAL ASSETS

During the Year, there was no material acquisition and disposal of subsidiaries and associates. Save as disclosed in this annual report, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this annual report.

CAPITAL COMMITMENT

As at 31 December 2020 the total capital commitments of the Company were approximately RMB540 million, compared with approximately RMB528 million as at 31 December 2019.

CONTINGENT LIABILITIES

Please refer to note 14 to the financial statements included in this announcement for details of contingent liabilities.

ENVIRONMENTAL PROTECTION AND SOCIAL SECURITY

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE (THE "CODE")

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

In the opinion of the Directors, the Company had complied with the applicable code provisions as set out in Appendix 14 of the Listing Rules during the Year, except for deviation from code provision A.6.7. The Code provision A.6.7 stipulates that independent non-executive Directors and non-executive Directors should attend general meetings. Due to travel inconvenience caused by the epidemic or important business engagements at the relevant time, not all independent non-executive Directors and non-executive Directors attended the annual general meeting of the Company held on 23 June 2020 and the extraordinary general meetings held on 29 June 2020 and 9 September 2020 respectively.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. 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 during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three independent non-executive Directors and two non-executive Directors. A meeting was convened by the Company's Audit Committee on 29 March 2021 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 review of the financial statements for the year ended 31 December 2020) for recommendation to the Board for approval.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

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

By order of the Board of
BYD Electronic (International) Company Limited
Wang Nian-qiang
Director

Hong Kong, 29 March 2021

As at the date of this announcement, the executive Directors are Mr. WANG Nian-qiang and Mr. JIANG Xiang-rong; the non-executive Directors are Mr. WANG Chuan-fu and Mr. WANG Bo; and the independent non-executive Directors are Mr. CHUNG Kwok Mo John, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie.