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 2021

Turnover	21.79%	To RMB89,057 million
Gross profit	-37.38%	To RMB6,029 million
Profit attributable to owners of the parent	-57.55%	To RMB2,310 million
Earnings per share	-57.55%	To RMB1.03
Proposed final dividend		RMB0.103 per ordinary share

HIGHLIGHTS

- Benefiting from the Group's major customer further development strategy and diversified market strategies, the revenue of the Android business, the major North American customer business and the new intelligent product and the automotive intelligent system business have significantly increased.

- The Group continued to expand and deepen cooperation with major customers from North America, continuously introducing new products. The market share has increased year on year.

- The market share in the fields of sweeping robots, game hardware and unmanned aerial vehicles continued to increase with the continuous introduction of new customers, and the electronic atomization product line opened a new space for business growth.

- R&D investment related to automotive electronic products has been greatly strengthened, and product lines have been added, involving intelligent cockpit, intelligent driving, Internet of vehicles, automotive appliances, etc.

- Against the backdrop of the pandemic and the shortage of chips in the industry, the customer demand was lower than expected, resulting in the low utilization rate of the Group's production capacity and pressure on its profitability.

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 2021 (the "Year") together with the comparative figures for the year ended 31 December 2020 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	4	**89,056,978**	73,121,075
Cost of sales		**(83,027,813)**	(63,492,232)
Gross profit		**6,029,165**	9,628,843
Other income and gains	4	**656,763**	485,118
Government grants and subsidies	5	**585,261**	391,757
Research and development expenses		**(3,308,296)**	(2,913,274)
Selling and distribution expenses		**(274,578)**	(236,855)
Administrative expenses		**(1,041,338)**	(673,164)
Impairment losses on financial assets, net		**7,785**	1,694
Loss on disposal of financial assets measured at amortised cost		**(13,079)**	(896)
Other expenses		**(133,061)**	(391,088)
Finance costs	6	**(43,329)**	(71,333)
PROFIT BEFORE TAX	7	**2,465,293**	6,220,802
Income tax expense	8	**(155,411)**	(779,431)
PROFIT FOR THE YEAR			
Attributable to owners of the parent		**2,309,882**	5,441,371
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the year	9	**RMB1.03**	RMB2.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,309,882**	5,441,371
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Receivables financing:		
Changes in fair value	**(8,834)**	(140)
Impairment losses	**92**	90
Exchange differences on translation of foreign operations	**(3,308)**	1,477
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(12,050)**	1,427
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(12,050)**	1,427
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,297,832**	5,442,798
Attributable to owners of the parent	**2,297,832**	5,442,798

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	**2021** ***RMB'000***	2020 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**11,181,538**	9,692,721
Right-of-use assets		**1,061,241**	1,201,507
Prepayments, other receivables and other assets		**921,156**	589,473
Other intangible assets		**9,758**	8,914
Loans to the ultimate holding company		**–**	400,000
Deferred tax assets		**201,447**	–
Other non-current financial assets		**170,215**	14,593
Total non-current assets		**13,545,355**	11,907,208
CURRENT ASSETS			
Inventories		**10,567,249**	6,891,357
Trade receivables	*10*	**9,240,349**	14,391,466
Receivables financing	*11*	**2,987,164**	88,400
Prepayments, other receivables and other assets		**1,656,679**	1,231,281
Pledged deposits		**351,244**	487
Restricted bank deposits		**2,501**	–
Cash and cash equivalents		**2,824,741**	3,465,889
Total current assets		**27,629,927**	26,068,880
Total assets		**41,175,282**	37,976,088
CURRENT LIABILITIES			
Trade and bills payables	*12*	**11,723,985**	8,145,851
Other payables and accruals		**4,176,101**	4,295,401
Lease liabilities		**135,990**	330,984
Derivative financial instruments		**–**	587
Tax payable		**184,392**	57,459
Interest-bearing bank and other borrowings		**–**	2,009,247
Total current liabilities		**16,220,468**	14,839,529
NET CURRENT ASSETS		**11,409,459**	11,229,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,954,814**	23,136,559

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**403,899**	312,616
Lease liabilities		**373,775**	404,596
Deferred income		**150,037**	147,054
Total non-current liabilities		**927,711**	864,266
Net assets		**24,027,103**	22,272,293
EQUITY			
Share capital	*13*	**4,052,228**	4,052,228
Other reserves		**19,974,875**	18,220,065
Total equity		**24,027,103**	22,272,293

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2021

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results for the year ended 31 December 2021 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 2020 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 2021 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 Main 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, receivables 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 2021. 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised HKFRSs are described below:

(a) 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 risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 Group had no interest-bearing bank borrowings as at 31 December 2021. No significant modification gain or loss arises as a result of applying the amendments to these changes.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

    The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 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 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 resulting from a downstream transaction 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 Classification of Liabilities as Current or Non-current 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 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. 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.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. 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

	2021	2020
	RMB'000	*RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**41,222,478**	51,105,296
Overseas	**47,834,500**	22,015,779
	89,056,978	73,121,075

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

(b) Non-current assets

	2021 *RMB'000*	2020 *RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**12,455,222**	11,231,125
Overseas	**718,471**	261,490
	13,173,693	11,492,615

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:

	2021 *RMB'000*
Customer A[1]	**34,663,598**
Customer B[1]	**22,635,933**
	57,299,531

	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

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 2021

Segments	**2021**	2020
	RMB'000	*RMB'000*
Types of goods or services		
Sale of mobile handset components, modules and other products*	**88,976,161**	73,058,147
Rendering of services	**80,817**	62,928
Total revenue from contracts with customers	**89,056,978**	73,121,075
Geographical markets		
PRC (including Hong Kong, Macau, and Taiwan)	**41,222,478**	51,105,296
Overseas	**47,834,500**	22,015,779
Total revenue from contracts with customers	**89,056,978**	73,121,075
Timing of revenue recognition		
Goods transferred at a point in time	**88,976,161**	73,058,147
Services transferred over time	**80,817**	62,928
Total revenue from contracts with customers	**89,056,978**	73,121,075

* 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:

	2021	2020
	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	**359,075**	412,913

(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 2021 are as follows:

	2021	2020
	RMB'000	*RMB'000*
	VAT exclusive	VAT exclusive
Within one year	**469,713**	336,545
More than one year	**14,890**	69,210
	484,603	405,755

	2021	2020
	RMB'000	*RMB'000*
Other income		
Bank interest income	**65,987**	32,418
Other interest income	**13,611**	18,050
Sale of scrap and materials	**407,657**	286,252
Compensation from suppliers and customers	**67,828**	65,066
Others	**101,680**	83,332
	656,763	485,118

5. GOVERNMENT GRANTS AND SUBSIDIES

	2021	2020
	RMB'000	*RMB'000*
Related to assets		
Others	**63,041**	81,072
Related to income		
Subsidies on industrial development *(note (a))*	**369,281**	2,851
Subsidies on research *(note (b))*	**13,812**	90,175
Subsidies on employee stability and training *(note (c))*	**43,998**	95,720
Subsidies on operating expense	**63,636**	71,485
Others	**31,493**	50,454
	585,261	391,757

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 Research and Development 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 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:

	2021	2020
	RMB'000	*RMB'000*
Interest on bank borrowings	**14,850**	35,356
Interest on lease liabilities	**28,479**	35,977
	43,329	71,333

7. PROFIT BEFORE TAX

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

	2021 *RMB'000*	2020 *RMB'000*
Cost of inventories sold#	**82,634,600**	63,430,864
Cost of services provided#	**72,602**	58,021
Depreciation of property, plant and equipment	**2,255,103**	1,755,207
Depreciation of right-of-use assets	**298,053**	282,188
Research and development costs:		
Current year expenditure	**3,308,296**	2,913,274
Lease payments not included in the measurement of lease liabilities	**126,324**	157,096
Auditors' remuneration	**1,440**	1,440
Amortisation of intangible assets##	**3,850**	4,734
Employee benefit expense (excluding directors', supervisors' and senior executive officers' remuneration)		
Wages and salaries	**8,977,678**	9,575,879
Retirement benefit scheme contributions	**603,481**	409,833
	9,581,159	9,985,712
Impairment of trade receivables, net###	**(8,148)**	698
Write-down of inventories to net realisable value####	**320,611**	3,347
Impairment of other receivables, net	**271**	(1,642)
Impairment of receivables financing, net	**92**	90
Loss on disposal of items of property, plant and equipment	**21,883**	83,536
Fair value (gains)/losses, net:		
Derivative instruments	**(587)**	(948)
Other non-current financial assets	**178**	(6,288)
Foreign exchange losses, net	**15,806**	243,450

\# 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 2021, and was entitled to a reduced enterprise income tax rate of 15% from 2021 to 2023.

Huizhou Electronic renewed its status of a high and new technology enterprise in 2021, and was entitled to a reduced enterprise income tax rate of 15% from 2021 to 2023.

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% (2020: 26%).

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

	2021	2020
	RMB'000	*RMB'000*
Current – China		
Charge for the year	**264,536**	326,041
Current – Elsewhere	**1,040**	100
Deferred	**(110,165)**	453,290
Total tax charge for the year	**155,411**	779,431

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:

	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**2,465,293**		6,220,802	
Tax at the applicable tax rate	**616,323**	**25.0**	1,555,201	25.0
Expenses not deductible for tax	**26,851**	**1.1**	17,748	0.3
Lower tax rate for specific provinces or enacted by local authority	**(257,408)**	**(10.4)**	(585,129)	(9.4)
Super-deduction of research and development costs	**(293,809)**	**(11.9)**	(210,455)	(3.4)
Tax losses utilised from previous periods	**(53,437)**	**(2.2)**	(9,644)	(0.2)
Tax losses and deductible differences not recognised	**116,891**	**4.7**	11,710	0.2
Tax charge at the Group's effective rate	**155,411**	**6.3**	779,431	12.5

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 (2020: 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 2021 and 2020 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:

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**2,309,882**	5,441,371

	Number of shares	
	2021	2020
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

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**9,279,580**	14,502,826
Impairment	**(39,231)**	(111,360)
	9,240,349	14,391,466

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 18% (2020: 32%) and 44% (2020: 59%) 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:

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**8,730,521**	13,787,063
91 to 180 days	**507,384**	587,382
181 to 360 days	**2,444**	17,021
	9,240,349	14,391,466

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**111,360**	117,160
(Reversal of impairment losses)/impairment losses, net	**(8,148)**	698
Amount written off as uncollectible	**(63,981)**	(6,498)
At end of the year	**39,231**	111,360

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 2021

	Aging as at 31 December 2021				
	Within 90 days	**91 to 180 days**	**181 to 360 days**	**Over 1 year**	**Total**
Expected credit loss rate	**0.21%**	**0.21%**	**0.21%**	**100.00%**	**0.42%**
Gross carrying amount (RMB'000)	**8,748,850**	**508,450**	**2,449**	**19,831**	**9,279,580**
Expected credit losses (RMB'000)	**18,329**	**1,066**	**5**	**19,831**	**39,231**

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

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

	2021 *RMB'000*	2020 *RMB'000*
Due from the ultimate holding company	**159,650**	156,295
Due from the intermediate holding company	**150,390**	132,893
Due from fellow subsidiaries	**1,380,173**	3,559,639
Due from other related parties	**2,899**	6,390
	1,693,112	3,855,217

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

11. RECEIVABLES FINANCING

	2021 *RMB'000*	2020 *RMB'000*
Bank acceptance bills	**349,350**	88,777
Trade receivables	**2,647,025**	–
	2,996,375	88,777
Less: other comprehensive income – change in fair value	**9,211**	377
	2,987,164	88,400

The Company has changed the business model for a portion of its receivables to target both to receive the contractual cash flows when due and the sales. Accordingly, this portion of the receivables is classified as a financial asset at fair value through other comprehensive income (which can reclassify to profit or loss in subsequent periods).

The Group reclassified bills receivable into financial assets at fair value through other comprehensive income, presented as receivables financing. As of 31 December 2021, the accumulated impairment provision for receivables financing provided by the Group was RMB264,000 (31 December 2020: RMB173,000).

12. 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:

	2021 RMB'000	2020 RMB'000
Within 90 days	**11,320,806**	7,461,850
91 to 180 days	**351,278**	534,718
181 to 360 days	**44,997**	139,870
1 to 2 years	**3,954**	6,532
Over 2 years	**2,950**	2,881
	11,723,985	8,145,851

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:

	2021 RMB'000	2020 RMB'000
Due to the ultimate holding company	**71,850**	57,509
Due to the intermediate holding company	**4,589,085**	3,559,689
Due to fellow subsidiaries	**5,083,646**	3,131,627
Due to other related parties	**–**	156
	9,744,581	6,748,981

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

13. SHARE CAPITAL

	2021 RMB'000	2020 RMB'000
Shares		
Issued and fully paid:		
2,253,204,500 (2020: 2,253,204,500) ordinary shares	**4,052,228**	4,052,228

14. DIVIDENDS

The Board has resolved to declare a final dividend for the year ended 31 December 2021 of RMB0.103 per ordinary share (for the year ended 31 December 2020: RMB0.241 per ordinary 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 2022.

	2021 ***RMB'000***	2020 *RMB'000*
Interim Nil (2020: Nil) per ordinary share	**–**	–
Proposed final RMB0.103 (2020: RMB0.241) per ordinary share	**232,080**	543,022
	232,080	543,022

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

15. 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 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. The Group focused on technological innovation and updated intelligent manufacturing. Leveraging on its industry-leading R&D and manufacturing capabilities, diversified product portfolio and high quality customer resources, the Group's business sector has comprehensively stepped into a new round of rapid growth cycle.

In 2021, in the face of a complex situation both at home and abroad, and challenges from the COVID-19 pandemic and other risks, China's economy continued to recover steadily, and maintained its leading position in the world in terms of economic development and pandemic prevention and control, with key indicators meeting expectations. China's GDP grew by 8.1% year on year, with economic aggregate exceeding RMB110 trillion, ranking top among major economies in the world, demonstrating strong resilience and potential. In 2021, the Group recorded sales of approximately RMB89,057 million, a year-on-year increase of approximately 21.79%. During the year, the Group adhered to the strategy to further deepening its relationship with major customers, continued to promote the global capacity layout by focusing on the needs of its core customers, and further strengthened the diversification of its products, customers and markets. The prosperity level of the smartphone and laptop business witnessed a slight decline in the second half of 2021, with growth slowing down through the year. The Group deepened its strategic cooperation with major customers. Specifically, it continued to increase its share of major Android customers, further increased its assembly share and shipment of core products to major customers in North America, and intensified cooperation in new product lines. In that context, the Group's business scale hit a new high. However, given the fluctuations in customer demand during the year due to the recurrence of the pandemic and the shortage of chips in the industry, the Group's overall capacity utilization was relatively low, which had an impact on profitability. The Group's constantly expanded the capacity of new smart products such as smart home, gaming hardware, robots, unmanned aerial vehicles, etc., with the R&D and commissioning of electronic atomization products progressing well, to open up a new growth curve for the Group. With the explosive growth of the new energy vehicles market, the Group recorded steady growth in the shipments of automotive intelligent system, and actively invested in the R&D of several new product lines. As the prevention and control of the pandemic became a normal course, demands for medical protection products declined year on year, rendering a significant decrease in the revenue and profit than that of the previous year. During the year, profit attributable to shareholders decreased by approximately 57.55% to approximately RMB2,310 million as compared with the previous year.

In respect of the smartphone and laptop business, the global smartphone market grew increasingly mature as iteration slowed down. However, with expanding coverage, the 5G network continued to be a driving force in the mobile phone market. According to the data from market research agency IDC, the global smartphone shipments in 2021 went up by 5.7% year on year to 1.35 billion units, slowing from the 19.4% growth rate in the first half of the year. Information released by China Academy of Information and Communications Technology showed that the mobile phone shipments in China totaled 351 million units in 2021, up 13.9% year on year, of which, the shipments of 5G mobile phones were 266 million units, representing an increase of 63.5% year on year and accounting for 75.9% of mobile phone shipments in the same period. Catalyzed by the pandemic, remote office, video meeting and digital collaborations became the new normal, and demands from consumers and businesses promoted the sustained growth of the sales of laptops. The data from research agency IDC showed that the shipments in the global PC market in 2021 increased by 14.8% year on year to 349 million, hitting a record high in respect of the shipments since 2012, and 169 million tablets were shipped globally, up by 3.2% year on year, showing a huge overall market. As a leader in global smartphones and other smart terminals, behind the strong brand, the Group was backed with its pursuit of ultimate user experience. The Group's rigorous attitude from product design to production was also the key to establishing close cooperation with customers. During the year, given continuing disruption from the shortage of chips and pandemic on the global electronics, the Group made active response through keeping promoting the partnership with major customers and improving market shares, rendering fast growth in overall revenue. In terms of major Android customers, the shipments in electronic contract manufacturing service and the business scale increased as driven by the increasing market shares of the Group, while revenue from Android components and parts decreased for the impact of reduced sales of high-end flagship models. For major customers from North America, the Group continued to deepen the strategic cooperation and proactively expanded the product domains, further improving its position in supply chains. During the year, the whole series of products of the Group including plastic, metal, glass, ceramic and assembly products achieved mass production. The further growth of shares and shipments in core product assembly drove a significant year-on-year increase in the business scale. The Group recorded revenue from smartphone and laptop business of RMB71,632 million during the year, representing a significant increase of approximately 47.03% as compared to 2020. In particular, the revenue from components and parts decreased by 10.88% to approximately RMB15,655 million from the previous year; the revenue from assembly increased by approximately 79.69% to approximately RMB55,977 million from the previous year.

In respect of new intelligent product business, the Group adopted positive market expansion strategies with a comprehensive layout of products covering IoT, smart home, gaming hardware, robots, unmanned aerial vehicles, electronic atomization, intelligent commercial equipment, industrial control, etc. Under the impact of the pandemic, the demand for smart home products from domestic and foreign residents has increased significantly, driving growth of the global smart home industry. IDC expected the shipments in the smart home equipment market in China to increase by 14.6% year on year to reach 230 million units in 2021. Meanwhile, the number of gamers around the world is steadily increasing to promote the demand for gaming hardware. According to the prediction of iiMedia Research, in 2021, the retail scale of global electronic atomization will reach $35.85 billion and the electronic atomization equipment market in China will increase by 170% year on year to RMB116.00 billion, at a penetration rate of only 2.2%, demonstrating the huge potential of growth. During the Year, the forward-looking diversified development of the Group achieved remarkable effectiveness. In particular, the business volume of smart home, game hardware, unmanned aerial vehicles, commercial equipment and other products expanded continuously, contributing to the rapid growth of new intelligent product business. The Group has continuously deepened cooperation with customers of sweeping robots in terms of R&D, parts and components, and complete machine manufacturing having successfully introduced mass production in overseas industrial parks, and the market share has increased year on year. With the increase of market demand, the game hardware product business has maintained good development. As a strategic core supplier of the leading enterprises in the field of unmanned aerial vehicles, leveraging on capability in large-scale precision manufacturing, rich assembly experience, strong capability in resource coordination, the Group fully met the customers' rapidly growing demand for capacity, timely delivered high-quality products, received high recognition from its customers, and recorded continuously increasing business scale. Taking advantage of vertical integration, the Group further deepened its cooperation with major overseas customers in Heat Not Burn (HNB) products, leading to increased revenue scale and continuous introduction of new projects. During the Year, the Group completed the core patent layout and capacity construction of electronic atomization products, and cooperated with a number of customers. In 2021, the Group recorded a revenue of approximately RMB12,445 million from the new intelligent product business, accounting for 13.97% of the overall revenue and representing an increase of approximately 31.33% over 2020.

In respect of the automotive intelligent system, there is a continuous trend for the development of electrification, Internet of Things and intelligence. The market development of the automobile industry has shifted from policy driven stage to market driven new development stage, showing a good development situation of double improvement of market scale and development quality. Driven by favorable policies, national trend of domestic products and technological progress, the sales volume of new energy vehicles continues to increase. According to the data released by China Association of Automobile Manufacturers (CAAM), the national automobile production and sales volume still showed a steady growth trend in 2021, which were 26.082 million and 26.275 million respectively, representing a year-on-year increase of 3.4% and 3.8%. Among them, the national sales volume of new energy vehicles in 2021 was 3.521 million, representing a year-on-year increase of 157.5%, and the market share increased to 13.4%. Benefiting from the steady growth of new energy vehicles, the shipments of the Group's multi-media central control system, which served both the parent company and external automobile brands, remained growing. With the robust growth of intelligent connected automobile, the shipments of the Group's 4G communication module continued to increase strongly, and 5G communication module was introduced rapidly, and the overall scale of automobile intelligent system business hit a new high. At the same time, the Group increased its product line and related R & D investment, including intelligent cockpit, intelligent driving, Internet of vehicles, automotive appliances, etc., actively promoted international cooperation and injected power into future business growth. In 2021, the Group's revenue from the automotive intelligent system business amounted to approximately RMB3,770 million, accounting for 4.23% of the total revenue and representing an increase of approximately 107.47% as compared to the same period last year.

In recent years, the Group has constantly strengthened the global strategy, enhanced its relationship with customers at home and abroad and constructed new industrial parks to expand the production scale at home and abroad and improve its operating efficiency. During the year, mass production was introduced in domestic Anyang industrial park, and overseas industrial park in India and Malaysia, boosting the Group's business to a new stage. Meanwhile, the Zhongshan industrial park has been put into use and new bases in Vietnam have been put into construction. The Group will continue its international expansion, actively promote cooperation with domestic and overseas leading manufacturers, lead "Intelligently Manufactured in China" ("中國智造") and unleash brand power.

BYD Electronic actively undertook the responsibility for the sustainable development of economy, environment and society, responded to the government's goal of "carbon peak emissions and carbon neutrality", and promoted the green and low-carbon development of the industry through green technologies, products and solutions. Under the pandemic, BYD Electronic actively participated in charitable and public welfare causes, cross-border assistance in the production of masks and other pandemic prevention materials, and promoted resumption of the work and production of upstream and downstream enterprises of industrial chain, boosting the nation to fight against the pandemic.

FUTURE STRATEGY

The COVID-19 recurrence has further complicated and aggravated the international environment and heightened uncertainty over the progress of the global economic recovery. While the global economic recovery is slowing down, the long-term positive fundamentals of China's economy have not changed. Looking ahead to 2022, domestic economy will prioritize stability while pursuing progress. Firmly proceeding with the strategy of expanding domestic demand, the government will promote high-quality development and at the same time, make efforts to gradually achieve the carbon peak and neutrality targets, with sustained vigorous support to industries relating to new energy vehicle and intelligent electronic manufacturing. The Group will continue to cultivate and accumulate top talents and deeply explore the comprehensive advantages covering materials, moulds, components, research and development, and automated, intelligent and large-scale manufacturing and fully unleash its innovative intelligent manufacturing capabilities to further improve its comprehensive strength and core competitiveness. At the same time, following its major client strategy, the Group will strategically consolidate and expand its core businesses, capture the business potential of key customers, maintain a keen market insight all the time, adhere to a diversified and sustainable development layout, and continuously introduce new business areas to inject momentum into the sustainable development of the Group's business.

In respect of the smart phone and laptop business, 5G replacement demand in mature overseas markets and the natural growth in emerging markets will be the key drivers of the smartphone market. However, IDC expects that components shortages and logistics delays will continue until mid-2022, and global smartphone volume growth will be expected to decrease to 3.0% in 2022. In respect of laptop and tablet markets, IDC expects the growth of global laptop market will begin to slow in 2022, with a compound annual growth rate (CAGR) of 3.3% from 2021 to 2025, most of which comes from laptops. IDC expects that consumers gradually develop the habit of using large-screen terminals in entertainment, education, office and other scenarios, with an obviously higher operating frequency, which will drive the tablet shipments in China to reach 30.64 million units in 2022, representing a 7.1% increase year on year. Having been deeply rooted in cutting-edge technologies for intelligent terminals, the Group's strong technological accumulation will provide a sustainable driving force for its business growth. In terms of the Android assembly business, the easing of chip shortages is expected to drive the growth in the shipment of mid-to-high-end products from customers. The Group will continue to closely meet customers' development needs to actively expand its market share. In terms of Android components and parts business, focusing on technological innovation, the Group will continue to consolidate its leading position in the metal, glass and ceramics industry. In terms of the major North American customers, the Group will continue to deepen its strategic cooperation with customers and continue to develop product areas and business types. With products put into mass production at overseas bases, the share of core product assembly business will further increase and the shipments of supporting metal structures are expected to grow significantly. At the same time, the Group will accelerate the construction of production capacity and project development in our domestic industrial park and actively promote the mass production of new components, laying a good foundation for the expansion of more new product types.

In respect of the new intelligent product business, the integration of 5G and artificial intelligence technologies has opened up a window of leapfrog development for the market. The 14th Five-Year Plan further specifies the building of manufacturing power and the cultivation of "little giant" enterprises with high growth potential, advanced technology and strong market competitive edge as well as single-product specialists in the manufacturing industry, which will deeply empower the transformation and upgrade toward "intelligent manufacturing in China" and high-quality development and enhance growth potentials for the Group's multi-dimensional businesses in the fields of smart home, Internet of Things, drones and electronic atomization over the years. IDC estimates that China's shipments of smart home devices will approach 540 million units in 2025, with a compound growth rate of 21.4% from 2021 to 2025, and complete home smart solutions will be one of the key growth drivers for the market. The global electronic atomization equipment supervision is becoming more standardized. iiMedia Research predicts that the global retail scale of HNB will reach US$31.37 billion in 2022, and the retail scale of the electronic atomization industry will reach US$42.44 billion, and the market will continue to expand. Looking forward to 2022, smart home devices, unmanned aerial vehicles and gaming hardware and other fields will continue to make great strides in their development. The HNB complete machine project is expected to enter mass production, driving the business scale to a new level. Leveraging on the comprehensive advantages in technology and products, the Group will accelerate the project cooperation with domestic and foreign customers to capture market growth opportunities, and the electronic atomization business is expected to achieve substantial growth. At the same time, the Group will continue to increase its investment in R&D to achieve more technological breakthroughs, continue to expand new customers and new fields, and further explore its business potential.

In respect of the automotive intelligent system business, along with positive national policy support to the innovation of the intelligent automobile industry and successive promotion of 5G and intelligent networking technology, intelligent vehicles have been more recognizable to consumers, the penetration rate of new energy vehicles has repeatedly hit new highs, and electrification, intelligence, Internet of Things and sharing will reshape the pattern of the automotive industry. At the beginning of 2022, the State Council issued the 14th Five-Year Plan for the Comprehensive Work Plan for Energy Conservation and Emission Reduction (《「十四五」節能減排綜合工作方案》), proposing that by 2025, the sales of new energy vehicles will reach about 20% of the total sales of new vehicles; seven departments including the National Development and Reform Commission issued the Implementation Plan for Promoting Green Consumption (《促進綠色消費實施方案》), announcing the gradual removal of restrictions on the purchase of new energy vehicles in various places, promoting the implementation of removal of traffic restrictions, road rights and other support policies, and strengthening the construction of supporting infrastructure such as charging and swapping station, new energy storage and hydrogen refueling. In addition, IDC predicts that in 2024, more than 80% of the new cars coming off the production line in China will be equipped with intelligent networked systems, and the shipment of self-driving cars in China will increase to 13.44 million units in 2025, with a compound annual growth rate of 15.1% from 2021 to 2025. Electric vehicles are entering a golden age of development. In the future, consumers will put forward higher requirements for intelligent functions of vehicles, especially advanced assisted driving. On the basis of supporting the parent company's vehicle business, the Group will actively develop new projects and external vehicle enterprise business, strengthen R&D and design capabilities, and further release the growth potential of automotive intelligent products. With the continuous advancement of the trend of electrification and intelligence of automobiles, the Group's shipments of central control system and vehicle communication module will maintain rapid growth. At the same time, the Group will seize historical opportunities, actively invest in research and development, accelerate the promotion of product lines such as intelligent cockpit, intelligent driving, Internet of vehicles, and automotive appliances, and continue to strengthen cooperation with domestic and foreign automobile OEMs to improve market share.

In respect of the medical and health business, the COVID-19 pandemic provided an opportunity for the Group to move into the field of medical equipment. In the future, it will continue to firmly seize the opportunities of the era to meet the diversified medical needs of the people in the post-pandemic era and will empower long-term growth. The National Health Commission, the National Development and Reform Commission and other departments jointly issued the 14th Five-Year Plan for the Development of the Medical Equipment Industry (《「十四五」醫療裝備產業發展規劃》), which clearly includes seven key areas such as diagnostic testing equipment and health convalescence equipment. The Implementation Plan for Promoting the High-Quality Development of Medical Device Industry in Guangdong Province (《廣東省推動醫療器械產業高質量發展實施方案》) also mentioned that by 2023, the CAGR of the medical device manufacturing industry's operating income will reach more than 20%, and a high-end medical device industry cluster with Guangzhou and Shenzhen as the dual cores will be formed. The Group has already obtained various domestic and international medical certifications and professional medical device development teams. In the future, the Group will carry out in-depth cooperation with more customers in the medical field and jointly create a new era of the industry.

As a global leading high-end platform-based manufacturing enterprise, BYD Electronics continues to expand the shipment of core products of its major customers from North America while holding its position as a leader in Android-based products, with a larger overall market share in continuous growth. The Group relies on its brand advantages to strengthen its core competitiveness and further expand its long-term growth space. At the same time, the Group focuses on automotive intelligent development, is committed to expanding new business, and pursues and makes breakthroughs and innovations in emerging market areas such as unmanned aerial vehicles, robot, electronic atomization and medical and health products. In 2022, the Group is expected to fully benefit from the rapid development of various business sectors, and the overall business has huge growth momentum.

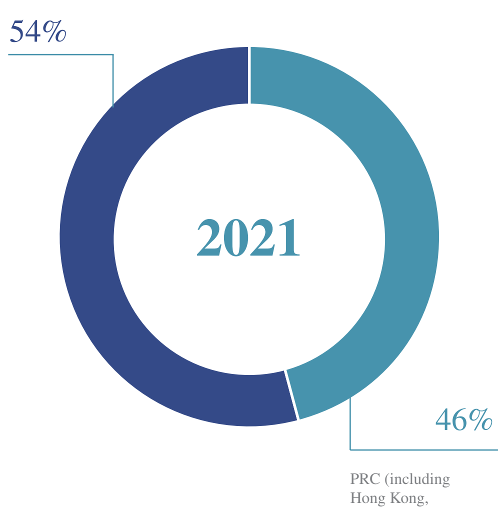
Looking ahead, BYD Electronic will adhere to its core corporate values, respond to the market changes in a quick way, and commit itself to enhancing independent innovation and upgrading intelligent manufacturing, in an effort to create value for clients, shareholders.

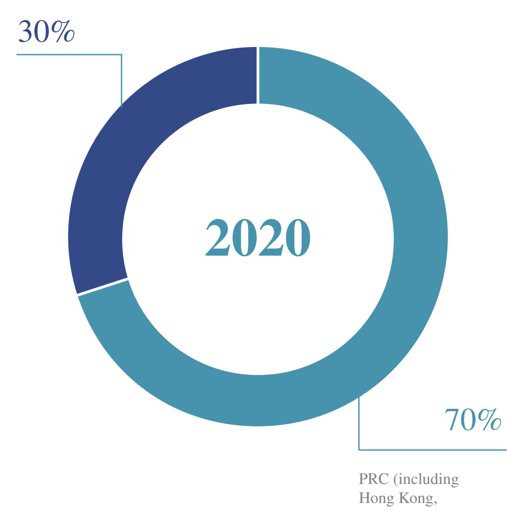
FINANCIAL REVIEW

Revenue recorded an increase of 21.79% as compared to the previous year. Profit attributable to equity holders of the parent recorded a decrease of 57.55% as compared to the previous year, mainly due to the pandemic and the shortage of chips in the industry, the customer demand was lower than expected, resulting in a low utilization rate of production capacity and pressure on profitability.

SEGMENTAL INFORMATION

Set out below is the comparison of geographical segment information by customer location of the Group for the years ended 31 December 2021 and 2020:





GROSS PROFIT AND MARGIN

The Group's gross profit for the Year decreased by approximately 37.38% to approximately RMB6,029 million. Gross profit margin decreased from approximately 13.17% in 2020 to 6.77%. The decrease in gross profit margin was mainly due to the pandemic and the shortage of chips in the industry, the customer demand was lower than expected, resulting in a low utilization rate of production capacity and pressure on profitability.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group recorded cash inflow from operations of approximately RMB6,335 million, compared with approximately RMB3,209 million recorded in 2020. The increase in the cash inflow of the Group recorded during the period was mainly due to the increase in cash received from the sale of goods. As of 31 December 2021, the Group did not have bank borrowings (31 December 2020: RMB2,009 million).

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 receivables financing were approximately 54 days for the year ended 31 December 2021, compared with approximately 60 days for the year ended 31 December 2020, which showed no significant changes. Turnover days of inventory for the year ended 31 December 2021 were approximately 39 days, compared with approximately 36 days for the year ended 31 December 2020, 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 2021, the Group had no bank borrowings 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 net cash derived from operating activities, will be sufficient to satisfy the Group's material commitments and working capital, capital expenditure, business expansion and investments.

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 -9.63% as of 31 December 2021 (31 December 2020: -3.24%).

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 2021, a bank deposit of approximately RMB351,244,000 was pledged for guarantee deposits (31 December 2020: RMB487,000).

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2021, the Group had approximately 91,000 employees. During the Year, total staff cost accounted for approximately 11.53% 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 2021, 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 RMB0.103 per ordinary share (2020: RMB0.241 per ordinary share) for the year ended 31 December 2021 which is subject to consideration and approval at the Company's AGM. Please refer to note 14 to the financial statements included in this announcement for details of the final dividend.

SHARE CAPITAL

As at 31 December 2021, 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 2021 to 31 December 2021. During the Year, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities.

SIGNIFICANT INVESTMENT HELD

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 announcement, there was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

CAPITAL COMMITMENT

As at 31 December 2021 the total capital commitments of the Company were approximately RMB1,191 million, compared with approximately RMB540 million as at 31 December 2020.

CONTINGENT LIABILITIES

Please refer to note 15 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 pandemic 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 8 June 2021 and the extraordinary general meetings held on 24 June 2021 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 year ended 31 December 2021.

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 2022 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 2021) for recommendation to the Board for approval.

SCOPE OF WORK OF AUDITOR ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

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 2022

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.