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 2022

Turnover	20.36%	To RMB107,186 million
Gross profit	5.33%	To RMB6,350 million
Profit attributable to owners of the parent	-19.58%	To RMB1,858 million
Earnings per share	-19.58%	To RMB0.82
Proposed final dividend		RMB0.165 per share

HIGHLIGHTS:

- Against the backdrop of the resurgence of the COVID-19 pandemic and weak demand in the Android smartphone market, the Group's profitability was under pressure in the first half of the year and improved significantly in the second half.

- The share of core products of major overseas customers continued to increase, product categories continued to expand, and business scale continued to grow.

- Revenue from the new energy vehicle segment increased by 145.71% year-on-year due to the significant increase in shipments of intelligent cockpits, intelligent network connection products, etc..

- Revenue from the new intelligent products increased by 22.19% year-on-year due to the continuous increase in shipments of residential energy storage products, unmanned aerial vehicles products, etc.

- The Group has completed the diversified product layout in new energy vehicle product series, residential energy storage products, etc. launching the second growth curve for the Group.

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 2022 (the "Year") together with the comparative figures for the year ended 31 December 2021 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	4	**107,186,288**	89,056,978
Cost of sales		**(100,836,020)**	(83,027,813)
Gross profit		**6,350,268**	6,029,165
Other income and gains	4	**1,508,534**	656,763
Government grants and subsidies	5	**178,687**	585,261
Research and development expenses		**(3,969,376)**	(3,308,296)
Selling and distribution expenses		**(535,437)**	(274,578)
Administrative expenses		**(1,234,549)**	(1,041,338)
Impairment losses on financial assets, net		**(3,193)**	7,785
Loss on derecognition of financial assets measured at amortised cost		**(20,423)**	(13,079)
Other expenses		**(277,410)**	(133,061)
Finance costs	6	**(58,531)**	(43,329)
PROFIT BEFORE TAX	7	**1,938,570**	2,465,293
Income tax expense	8	**(80,952)**	(155,411)
PROFIT FOR THE YEAR			
Attributable to owners of the parent		**1,857,618**	2,309,882
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For profit for the year		**RMB0.82**	RMB1.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,857,618**	2,309,882
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Receivables financing:		
Changes in fair value	**(7,622)**	(8,834)
Impairment losses	**15**	92
Exchange differences on translation of foreign operations	**(9,965)**	(3,308)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(17,572)**	(12,050)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(17,572)**	(12,050)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,840,046**	2,297,832
Attributable to owners of the parent	**1,840,046**	2,297,832

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**12,940,997**	11,181,538
Right-of-use assets		**1,476,128**	1,061,241
Prepayments, other receivables and other assets		**1,263,122**	921,156
Other intangible assets		**8,718**	9,758
Deferred tax assets		**481,354**	201,447
Other non-current financial assets		**335,800**	170,215
Total non-current assets		**16,506,119**	13,545,355
CURRENT ASSETS			
Inventories		**17,046,406**	10,567,249
Trade receivables	*10*	**10,471,409**	9,240,349
Receivables financing	*11*	**5,348,059**	2,987,164
Prepayments, other receivables and other assets		**1,358,069**	1,656,679
Pledged deposits		**20,633**	351,244
Restricted bank deposits		**–**	2,501
Cash and cash equivalents		**6,243,678**	2,824,741
Total current assets		**40,488,254**	27,629,927
Total assets		**56,994,373**	41,175,282
CURRENT LIABILITIES			
Trade and bills payables	*12*	**22,002,295**	11,723,985
Other payables, other liabilities and accruals		**5,421,180**	4,176,101
Lease liabilities		**333,646**	135,990
Derivative financial instruments		**18,211**	–
Tax payable		**363,200**	184,392
Interest-bearing bank and other borrowings		**2,004,306**	–
Total current liabilities		**30,142,838**	16,220,468
NET CURRENT ASSETS		**10,345,416**	11,409,459
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,851,535**	24,954,814

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**394,633**	403,899
Lease liabilities		**591,275**	373,775
Deferred income		**230,558**	150,037
Total non-current liabilities		**1,216,466**	927,711
Net assets		**25,635,069**	24,027,103
EQUITY			
Share capital	*13*	**4,052,228**	4,052,228
Other reserves		**21,582,841**	19,974,875
Total equity		**25,635,069**	24,027,103

NOTES TO FINANCIAL STATEMENTS
As at 31 December 2022

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results for the year ended 31 December 2022 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 2021 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 2022 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 is a global leading platform-based high-end manufacturing enterprise, providing customers with 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 engages in businesses covering smart phones, tablet PCs, new energy vehicles, residential energy storage, smart home, game hardware, unmanned aerial vehicles, Internet of Things, robotics, communication equipment, health devices and other diversified market areas.

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		Principal activities
			Direct	Indirect	
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

Company name	Place of incorporation or registration and operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BYD India Private Limited ("BYD India")***	India	INR 2,562,804,780	–	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 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 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* (the "Conceptual Framework") 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 has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) 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 as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) 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 amendment that is 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. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

(e) 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 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 (the "2020 Amendments")*[2,4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] No mandatory effective date yet determined but available for adoption

[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 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 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, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. 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. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. 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 in HKAS 12 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 (provided that sufficient taxable profit is available) 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.

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

	2022	2021
	RMB'000	*RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**40,583,926**	41,222,478
Overseas	**66,602,362**	47,834,500
	107,186,288	89,056,978

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

(b) Non-current assets

	2022	2021
	RMB'000	*RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**14,559,639**	12,455,222
Overseas	**1,129,326**	718,471
	15,688,965	13,173,693

The non-current asset information above is based on the locations of the assets and excludes equity investments, loan 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:

	2022
	RMB'000
Customer A[1]	**47,357,764**
Customer B[1]	**11,528,097**
	58,885,861

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

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 ended31 December 2022

Segments	**2022** ***RMB'000***	2021 *RMB'000*
Types of goods or services		
Sale of mobile handset components, modules and other products	**105,982,653**	88,976,161
Rendering of services	**1,203,635**	80,817
Total revenue from contracts with customers	**107,186,288**	89,056,978
Geographical markets		
PRC (including Hong Kong, Macau, and Taiwan)	**40,583,926**	41,222,478
Overseas	**66,602,362**	47,834,500
Total revenue from contracts with customers	**107,186,288**	89,056,978
Timing of revenue recognition		
Goods transferred at a point in time	**106,470,744**	88,976,161
Services transferred over time	**715,544**	80,817
Total revenue from contracts with customers	**107,186,288**	89,056,978

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:

	2022 ***RMB'000***	2021 *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*	**460,099**	359,075

(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 2022 are as follows:

	2022	2021
	RMB'000	*RMB'000*
	VAT exclusive	VAT exclusive
Within one year	**661,981**	469,713
More than one year	**24,504**	14,890
	686,485	484,603

	2022	2021
	RMB'000	*RMB'000*
Other income		
Bank interest income	**49,743**	65,987
Other interest income	**1,764**	13,611
Sale of scrap and materials	**559,280**	407,657
Compensation from suppliers and customers	**49,605**	67,828
Exchange gain	**673,871**	–
Others	**174,271**	101,680
	1,508,534	656,763

5. GOVERNMENT GRANTS AND SUBSIDIES

	2022	2021
	RMB'000	*RMB'000*
Related to assets		
Others	**31,436**	63,041
Related to income		
Subsidies on industrial development *(note (a))*	**10,000**	369,281
Subsidies on research *(note (b))*	**3,000**	13,812
Subsidies on employee stability and training *(note (c))*	**45,673**	43,998
Subsidies on operating expense	**56,582**	63,636
Others	**31,996**	31,493
	178,687	585,261

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 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 period were recognised as government subsidies.

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on bank borrowings	**12,348**	14,850
Interest on lease liabilities	**46,183**	28,479
	58,531	43,329

7. PROFIT BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold#	**100,642,985**	82,634,600
Cost of services provided#	**118,559**	72,602
Depreciation of property, plant and equipment	**2,562,588**	2,255,103
Depreciation of right-of-use assets	**350,820**	298,053
Lease payments not included in the measurement of lease liabilities	**121,143**	126,324
Auditors' remuneration	**1,440**	1,440
Amortisation of other intangible assets##	**3,476**	3,850
Employee benefit expense (excluding directors', supervisors' and senior executive officers' remuneration		
− Wages and salaries	**9,793,104**	8,977,678
− Retirement benefit scheme contributions	**822,334**	603,481
	10,615,438	9,581,159
Impairment of trade receivables, net###	**3,341**	(8,148)
Write-down of inventories to net realisable value####	**74,476**	320,611
Impairment of other receivables, net	**(163)**	271
Impairment of receivables financing, net	**15**	92
Loss on disposal of items of property, plant and equipment	**31,963**	21,883
Fair value (gains)/losses, net:		
Derivative instruments	**18,211**	(587)
Other non-current financial assets	**636**	178
Foreign exchange (gains)/losses, net	**(673,871)**	15,806

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% (2021: 26%).

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

	2022	2021
	RMB'000	*RMB'000*
Current – China		
Charge for the year	**366,671**	264,536
Current – Elsewhere	**3,454**	1,040
Deferred	**(289,173)**	(110,165)
Total tax charge for the year	**80,952**	155,411

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:

	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**1,938,570**		2,465,293	
Tax at the applicable tax rate	**484,643**	**25**	616,323	25
Lower tax rate for specific provinces or enacted by local authority	**(255,312)**	**(13)**	(257,408)	(10)
Expenses not deductible for tax	**28,546**	**1**	26,851	1
Research and development costs and other super-deduction as required by taxation laws	**(313,168)**	**(16)**	(293,809)	(12)
Tax losses utilised from previous periods	**(47,156)**	**(2)**	(53,437)	(2)
Tax losses and deductible differences not recognised	**183,399**	**9**	116,891	5
Tax charge at the Group's effective rate	**80,952**	**4**	155,411	6

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 (2021: 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 2022 and 2021 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:

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,857,618**	2,309,882

	Number of shares	
	2022	2021
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

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**10,495,823**	9,279,580
Impairment	**(24,414)**	(39,231)
	10,471,409	9,240,349

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 9% (2021: 18%) and 27% (2021: 44%) 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 ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**9,862,438**	8,730,521
91 to 180 days	**595,953**	507,384
181 to 360 days	**13,018**	2,444
	10,471,409	9,240,349

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**39,231**	111,360
Impairment losses/(Reversal of impairment losses), net	**3,341**	(8,148)
Amount written off as uncollectible	**(18,158)**	(63,981)
At end of the year	**24,414**	39,231

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 2022

	Aging as at 31 December 2022				
	Within 90 days	**91 to 180 days**	**181 to 360 days**	**Over 1 year**	**Total**
Expected credit loss rate	**0.22%**	**0.22%**	**0.22%**	**100.00%**	**0.23%**
Gross carrying amount *(RMB'000)*	**9,883,853**	**597,250**	**13,047**	**1,673**	**10,495,823**
Expected credit losses *(RMB'000)*	**21,416**	**1,297**	**28**	**1,673**	**24,414**

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

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

	2022	2021
	RMB'000	*RMB'000*
Due from the ultimate holding company	**155,744**	159,650
Due from the intermediate holding company	**146,623**	150,390
Due from fellow subsidiaries	**4,364,498**	1,380,173
Due from other related parties	**5,988**	2,899
	4,672,853	1,693,112

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

	2022	2021
	RMB'000	*RMB'000*
Bank acceptance bills	**197,404**	349,350
Trade receivables	**5,167,489**	2,647,025
	5,364,893	2,996,375
Less: other comprehensive income − change in fair value	**16,834**	9,211
	5,348,059	2,987,164

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 be reclassified 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 2022, the accumulated impairment provision for receivables financing provided by the Group was RMB280,000 (31 December 2021: RMB264,000).

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:

	2022	2021
	RMB'000	*RMB'000*
Within 90 days	**21,490,421**	11,320,806
91 to 180 days	**483,674**	351,278
181 to 360 days	**21,630**	44,997
1 to 2 years	**4,960**	3,954
Over 2 years	**1,610**	2,950
	22,002,295	11,723,985

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:

	2022	2021
	RMB'000	*RMB'000*
Due to the ultimate holding company	**129,779**	71,850
Due to the intermediate holding company	**6,311,403**	4,589,085
Due to fellow subsidiaries	**13,011,472**	5,083,646
Due to other related parties	**–**	–
	19,452,654	9,744,581

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

13. SHARE CAPITAL

Shares

	2022	2021
	RMB'000	*RMB'000*
Issued and fully paid		
2,253,204,500 (2021: 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 2022 of RMB0.165 per share (for the year ended 31 December 2021: RMB0.103 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 2023.

	2022	2021
	RMB'000	*RMB'000*
Proposed final RMB0.165 (2021: RMB0.103) per ordinary share	**371,779**	232,080
	371,779	232,080

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 platform-based high-end manufacturing enterprise, providing customers with 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's diversified businesses cover smart phones, tablet PCs, new energy vehicles, residential energy storage, smart home, game hardware, unmanned aerial vehicles, Internet of Things, robots, communication equipment, health devices and other diversified market areas. Leveraging on its industry leading research and development and manufacturing capabilities, diversified product portfolio and abundant customer resources, the Group's business is progressing steadily towards high quality development and has demonstrated good resilience.

In 2022, the global inflationary pressure rose, major developed economies tightened their monetary policies significantly, the global economic growth generally slowed down, the COVID-19 pandemic continued to resurge and geopolitical tensions intensified, all of which also added to the uncertainties in the world economy. Supported by the government's optimized and adjusted pandemic prevention policy and the in-depth implementation of economic stabilization measures, the gross domestic product (GDP) of China grew by 3% year-on-year for the Year. The Group responded proactively and maintained steady operations in the face of the complex and severe external environment. While continuing to deepen partnerships with major overseas and domestic customers, the Group actively seized market opportunities and accelerated its deployment in the new paths to cultivate new growth engine for its business development. During the Year, although the weaker demand in the Android smartphone market brought certain pressure on the business, benefiting from the increased share of major overseas customers and the rapid growth of new businesses such as new intelligent products and automotive products, the Group achieved stable and healthy development as a whole, with its revenue scale reaching a new high. In 2022, the Group recorded sales of approximately RMB107,186 million, representing a year-on-year increase of approximately 20.36%. Influenced by various factors, the Group's capacity utilization rate was low in the first half of the year and its profitability was under pressure. With the optimization of business structure, capacity utilization rate and profitability recovered in the second half of the year and earnings improved quarter by quarter. During the Period, profit attributable to shareholders dropped by approximately 19.58% year-on-year to approximately RMB1,858 million.

In respect of the consumer electronics business, the global smartphone market shipments hit a record-breaking low in nearly 10 years as consumer sentiment remained poor amidst an uncertain economic outlook and rising inflation. According to the data from the research agency IDC, global smartphone shipments in 2022 decreased significantly by 11.3% to 1.21 billion units. The global PC market shipments in 2022 decreased by 16.5% to 292.3 million units. The global tablet PCs shipments decreased by 3.3% year-on-year to 162.8 million units. Information released by the China Academy of Information and Communications Technology shows that annual mobile phone shipments in the Chinese market amounted to 272 million units in 2022, down by approximately 22.6% year-on-year, while the shipment of 5G mobile phones decreased by approximately 19.6% year-on-year to 214 million units. As a global leader in smartphones and other smart terminals, the Group has leveraged its excellent scientific research technology and superior product design and manufacturing capabilities to continue to deepen its strategic cooperation relationships with major customers, and further consolidate its industry leadership position. In terms of major overseas customers business, the Group's share and shipment of assembly and components and parts for core products continued to increase, and the structural parts projects of new product categories were also successfully introduced into mass production, resulting in continuous business growth. In terms of major Android customers, the Group continued to serve the mainstream products in the Android market in an all-around way. As the market demand for smartphones has weakened, the Group's revenue from the Android complete machine assembly and components and parts business was affected to a certain extent. During the Year, the Group recorded a revenue of RMB82,209 million in the consumer electronics business, representing an increase of approximately 14.77% compared to 2021. Revenue from components and parts was approximately RMB14,155 million, representing a decrease of 9.58% year-on-year, while revenue from assembly was approximately RMB68,054 million, representing an increase of 21.57% year-on-year.

In respect of new intelligent product business, with the increasing popularity of 5G and artificial intelligence technologies, the huge application prospect leads to the rapid growth of new intelligent products market scale. Driven by high on-grid tariff and energy security needs, coupled with the favorable policies related to the energy storage industry introduced by the countries all over the world, the global demand for residential energy storage embraced explosive growth. It was estimated by Gaogong Industry Research that in 2022, the global capacity of new residential energy storage installed would reach 15GWh, representing a significant increase of 134% year-on-year. With the transformation and upgrade of China's national consumption structure, coupled with the penetration of the Internet of Things, cloud computing and other technologies in diversified application scenarios, China's smart home market continues to expand. IDC estimated that the sales of China's complete home smart market was expected to exceed RMB10 billion in 2022 and would continue to grow rapidly at a compound rate of 46.9% over the next 5 years. During the Year, the Group further deepened its layout in residential energy storage, smart home, game hardware, unmanned aerial vehicles and other business segments, and continued to accelerate new project cooperation with top customers in the industry in each segment, resulting in continued growth in the shipment of new intelligent products and robust business development momentum. The Group's residential energy storage products have served the overseas markets for many years and have gained a good industry reputation. During the Year, the shipment of these products grew rapidly, with business scale expanding several times, which became an important driving force for the growth of revenue of the new intelligent products business. Together with leading brands of unmanned aerial vehicles, the Group has continued to increase the shipment of consumer unmanned aerial vehicles, industrial unmanned aerial vehicles and agricultural unmanned aerial vehicles, and its market share continues to grow. In 2022, the Group's new intelligent products business recorded revenue of approximately RMB15,207 million, accounting for 14.19% of the total revenue, representing an increase of 22.19% over 2021.

In terms of the new energy vehicles business, the development of new energy vehicles has entered a market-driven stage of large-scale and high quality development, with the market penetration rate rising rapidly and the production and sales volume continuing to grow at a high rate. China's new energy vehicle market has ranked first in the world for eight consecutive years. Under the combined impetus of favorable policies, the rise of Chinese automotive brands and innovative breakthroughs in vehicle intelligence and networking technologies, new energy vehicles continued to grow explosively. According to the China Association of Automobile Manufacturers, the annual sales volume of new energy vehicles in 2022 reached 6.887 million units, representing a year-on-year growth of 93.4%, and its market share increased significantly from 13.4% in 2021 to 25.6%. During the Year, benefiting from the accelerated development of vehicle intelligence and networking, shipments of the Group's products of intelligent cockpits and intelligent network connection grew significantly, doubling the revenue scale of the new energy vehicle business segment. At the same time, the Group insisted on the technology-centered and innovation-oriented philosophy. Relying on the industry-leading research and development capability in software and hardware, material science, mold technology and precision machining capacity, the Group would comprehensively deploy multiple core product lines of new energy vehicles to further enhance its market competitiveness. In 2022, the Group's revenue from the automotive intelligent system business amounted to approximately RMB9,263 million, accounting for 8.64% of the total revenue, representing an increase of approximately 145.71% over the last year.

The Group actively undertook the responsibility for the sustainable development of economy, environment and society, holistically assisted the government in achieving the goal of "carbon neutrality", continuously optimized green technologies, products and solutions and focused on the green and low-carbon development of the industry. During the COVID-19 pandemic, the Group actively contributed to public welfare and charitable causes and donated materials to help fight the COVID-19 pandemic in Xi'an, Hong Kong, Anyang, Shenzhen and other areas.

FUTURE STRATEGY

Looking ahead to 2023, high inflation and the Russia-Ukraine war are likely to go on posing challenges to global economic development. Yet, with the continued refinement of COVID-19 pandemic containment measures, China's economic recovery has gained momentum and boosted confidence in global economic growth. The International Monetary Fund (IMF) raised its forecast for global economic growth in 2023 from 2.7% to 2.9%, and China has set a GDP growth target of around 5%. China continued to adopt a "pursuing progress while ensuring stability" economic approach to promote quality development and sustain the economic recovery momentum. The government strongly supports the development of new energy vehicles and electronic intelligent manufacturing related industries, continuously issuing favourable policies to boost domestic demand and unleash the consumption potential of people, thereby supporting the development of these industries. The Group will seize market opportunities, intensify research and development of core technologies, consolidate its vertical integration advantages and deepen its major customer strategy in an active manner. As for 2023, while maintaining its position as the industry leader in traditional businesses, the Group is expected to see further rapid growth in its foresighted product lines in areas such as new energy vehicles, which will contribute to the ongoing positive development of the Group's business.

In respect of the consumer electronics business, despite the signs of recovery in the market brought about by the relaxation of the COVID-19 pandemic-related restrictions in China, it is difficult to see a significant rebound in the near future as the global economic outlook remains uncertain and it will take some time for the domestic economic and consumer stimulus measures to bear fruit. According to the forecast of CINNO Research, consumer demand may still be dampened by the impact of the COVID-19 pandemic during the first half of 2023, and may gradually improve in the second half of the year. IDC also forecasts that high inflation and macroeconomic uncertainty will continue to undermine consumption expenditures and may postpone the recovery of the mobile phone market to the end of the year. It's estimated that, in 2023, smartphone shipments will rise by 2.8%, PC shipments (including desktops, laptops and workstations) will decline 5.6% to 281 million units, and global tablet shipments will fall 6.7% to 148 million units. As a global leading platform-based high-end manufacturing enterprise, the Group will continue to enhance its overall competitive edge and further strengthen its market leadership position. In terms of the major overseas customers, the Group will continue to meet the development needs of our customers on all fronts, penetrate deeply into the core business of our major overseas customers, continue to increase the market share of our core products, and continue to expand into new product categories. As market share of our core products continues to increase, new product categories will begin to ramp up and their size of business will continue to grow. In terms of the Android assembly business, the Group will focus on mid-to-high-end products and continue to strengthen strategic cooperation with customers to meet their demand for mid-to-high-end product shipment. In terms of the Android components and parts business, the Group will focus on technology development and innovation to further strengthen its leading position in the market. In the future, the Group will continue to expand its domestic and overseas markets, improve its globalization and provide better services to customers at home and abroad.

In respect of the new intelligent products, the industry has maintained a high level of prosperity. Empowered by 5G and artificial intelligence technologies, the application scenarios of new intelligent products are becoming more and more refined and the market scale continues to grow, with ample room for development in areas such as residential energy storage, smart home, gaming hardware and unmanned aerial vehicles, where the Group has a forward-looking presence. Benefiting from the general trend of new energy transformation, residential energy storage has become a global high-growth track. According to the "Medium Scenario" estimation of the SolarPower Europe, by the end of 2026, 3.9 million households in Europe will have deployed residential battery-based energy storage systems, and the cumulative energy storage capacity deployed will increase by over 300% to reach 32.2 GWh. In August 2022, the IRA was passed in the United States, extending the ITC for standalone energy storage projects for the first time. With the ongoing implementation of favourable policies and the rising market penetration at home and abroad, the global residential energy storage market is expected to reach US$100 billion in the future. IDC forecasts that the global shipments of smart home devices will grow by 4.6% in 2023, with most of the growth attributable to emerging markets and China, and that the CAGR between 2022 and 2025 will be 8%. Contrive Datum Insights forecasts the global commercial unmanned aerial vehicle market to grow sharply at a CAGR of 57.5% from 2023 to 2030, driven by the enormous commercial demand from construction, film shooting, monitoring and other aspects. In 2023, the Group's residential energy storage, smart home, gaming hardware and unmanned aerial vehicle segments will maintain a good momentum of development, driving the scale of the new intelligent product business to new heights. In terms of the residential energy storage business, the Group will strive to introduce its products to more overseas countries and regions and expand its diversified business models, and expects to maintain a high growth in shipment volume, leading to a sustainable expansion in revenue. Riding on our strong R&D strength, global presence and vertical integration capability, the Group will accelerate project cooperation with domestic and overseas customers to capture the golden opportunities in the global market for new intelligent products and unleash the growth potential of our business.

In terms of the new energy vehicle business, development of China's new energy vehicle industry has fully entered a market-driven stage, with market penetration of new energy vehicles speeding up and the industry stepping into a rapid growth trajectory. The China Association of Automobile Manufacturers estimates the sales volume of new energy vehicles in China to reach 9 million units in 2023, representing a year-on-year growth of 35%. IDC forecasts the new energy vehicle market in China to reach 15.98 million units by 2026, representing a CAGR of 35.1%, and that by then the domestic new energy vehicle penetration rate will exceed 50%. The era of electrification, networking and intelligence-integrated development of automobiles has started. Consumers' demand for the intelligence level of intelligent cockpits, in-vehicle entertainment system and automatic driving system is on the rise, and networking and intelligence will open up a broader room for the growth of electric vehicles. With the extensive application of 5G technology, the rapid increase in computing power of digital chips and the gradual improvement in performance of power semiconductor devices, it is inevitable that automobiles will evolve into bigger intelligent terminals. In September 2022, the Ministry of Industry and Information Technology publicly sought comments on the "Guidelines for the Standard System Construction of the National Internet of Vehicles Industry (Intelligent Networked Vehicles) (2022 Edition)", which clearly indicates that more than 230 new industry standards will be added in the future. By 2025, an intelligent networked vehicle standard system will be systematically developed to support the common functions of integrated driving assistance and automatic driving. According to the industry data of IHS Markit, the penetration rate of intelligent networked new energy vehicles in China is expected to reach 66% in 2023. Intelligent cockpit is an important component of intelligent networked new energy vehicles and an important carrier of human-computer interaction and interaction between the automobile and the outside world. Riding on the strong wave of growth in the new energy vehicle market, coupled with our parent company's strong advantage in the new energy vehicle sector and its rising market share, the Group's new energy vehicle business segment will continue to grow at a rapid pace. The Group has been actively developing new energy vehicle product lines and has invested substantial R&D resources to promote technological innovation. On top of the intelligent cockpit product series (central control, instrumentation, in-vehicle acoustics, switch panels, power charging and other products), the Group has introduced a number of incremental track products such as intelligent driving systems (including low, medium and high computing power platforms), thermal management systems, intelligent chassis and suspension. In the future, the Group will deepen its cooperation with domestic and overseas automotive companies, continue to develop new customers, actively increase its market share, and strive to become a world-leading solution provider in the new energy vehicle industry.

Over the past few years, the Group actively invested in research and development and innovation, and has formed a diversified product matrix comprising new energy vehicle product series, residential energy storage products and other new intelligent products, thereby realising the transformation and upgrade from manufacturing capability-driven to R&D-driven. Moreover, the Group has expanded into three emerging businesses, including major overseas customers business, new energy vehicle business and intelligent product business, on top of the single Android business, thus establishing a sounder business layout. Given the increasing proportion of the emerging businesses, their strong profitability and growth potential, they are expected to sustain the performance growth of the Company. In 2023, the Group's business will embark on a new round of rapid growth and initiate a second growth curve.

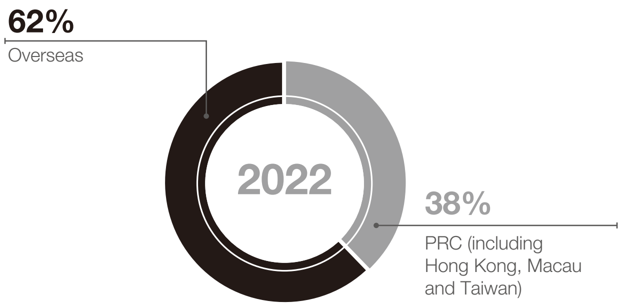
Looking ahead, the Group will adhere to its core corporate values, seize market opportunities, strive to enhance its independent innovation and research and development capabilities continuously, promote the optimization of intelligent manufacturing, explore the growth potential of our business, maintain long-term sustainable development, and create value for customers and shareholders.

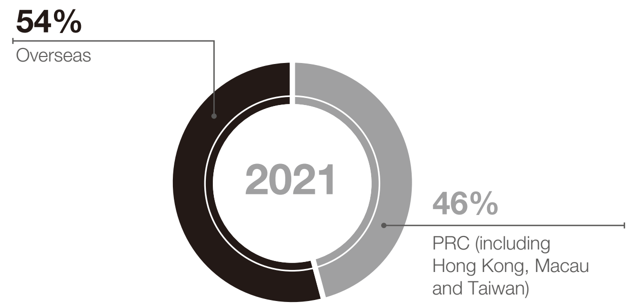
FINANCIAL REVIEW

Revenue recorded an increase of 20.36% as compared to the previous year, while profit attributable to equity holders of the parent recorded a decrease of 19.58% as compared to the previous year, mainly due to the low overall capacity utilization rate of the Group and profitability under pressure as a result of the weak demand in the consumer electronics market.

SEGMENTAL INFORMATION

Set out below is a comparison of geographical segment by customer location of the Group for the years ended 31 December 2022 and 2021:





GROSS PROFIT AND MARGIN

The Group's gross profit for the Year increased by approximately 5.33% to approximately RMB6,350 million. Gross profit margin decreased from approximately 6.77% in 2021 to approximately 5.92%. The decrease in gross profit margin was mainly due to the low overall capacity utilization rate of the Group and profitability was under pressure as a result of the weak demand in the consumer electronics market.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group recorded cash inflow from operations of approximately RMB5,961 million, compared with approximately RMB6,335 million recorded in 2021. 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 2022, the Group had interest-bearing bank and other borrowings of approximately RMB2,004 million (31 December 2021: RMB0). The maturity profile of the interest-bearing bank and other borrowings thereof spreads over a period of one year.

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 47 days for the Year, compared with approximately 54 days for the year ended 31 December 2021, which was mainly due to the fact that the increase of the balance of receivables on average was lower than that of revenue over the same period. Turnover days of inventory for the Year were approximately 50 days, compared with approximately 39 days for the year ended 31 December 2021, which was mainly due to the fact that the increase of cost of sales was lower than that of inventory in average over the same period.

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 2022, the Group had interest-bearing bank and other borrowings of approximately RMB2,004 million (31 December 2021: Nil), which were settled in RMB, and its cash and cash equivalents were mainly held in RMB and US dollars. The Group's current bank deposits and cash balances and fixed deposits, as well as 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. As at 31 December 2022, the Group's outstanding loans were RMB loans at fixed interest rates.

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 and other borrowings, less cash and bank balances. Equity represents equity attributable to owners of the parent. The gearing ratio was -12.93% as of 31 December 2022 (-9.63% as of 31 December 2021).

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.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

There are no other significant subsequent events occurred that materially affected the Group's financial condition or operation after 31 December 2022 and up to the date of this announcement.

CHARGE ON ASSETS

As at 31 December 2022, a bank deposit of approximately RMB20,633,000 was pledged for guarantee deposits (RMB351,244,000 as at 31 December 2021).

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2022, the Group had approximately 93 thousand employees. During the Year, total staff cost accounted for approximately 10.77% 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 and rewards, based on their annual performance evaluation. Incentives were offered to encourage personal motivation. The Company did not adopt any share option scheme.

Since 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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 was 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 RMB0.165 per ordinary share (2021: RMB0.103 per ordinary share) for the Year which is subject to consideration and approval at the forthcoming annual general meeting of the Company. 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 2022, 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 2022 to 31 December 2022. 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. 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 2022, the total capital commitments of the Company were approximately RMB1,026 million, compared with approximately RMB1,191 million as at 31 December 2021.

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 Year, 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 Part 2 of Appendix 14 of the Listing Rules during the Year, except for deviation from code provision C.1.6. The code provision C.1.6 of the Code stipulates that independent non-executive Directors and non-executive Directors should attend general meetings. Due to travel inconvenience caused by the COVID-19 pandemic or important business engagements at the relevant time, an independent non-executive Director did not attend the annual general meeting of the Company held on 8 June 2022.

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 Company's code of conduct regarding securities transactions by its Directors. Having made specific enquiry, the Company confirmed all Directors have complied with their obligations under the Model Code regarding their securities transactions during the Year.

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 28 March 2023 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) for recommendation to the Board for approval.

SCOPE OF WORK OF AUDITOR ON THE PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of this preliminary annual results announcement of the Group 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 annual results 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.hkexnews.hk).

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

Hong Kong, 28 March 2023

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.