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)
Website: http://www.byd-electronic.com

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Turnover	23.47%	To RMB19,832 million
Gross profit	25.38%	To RMB2,105 million
Profit attributable to owners of the parent	39.06%	To RMB902 million
Earnings per share	39.06%	To RMB0.40

HIGHLIGHTS

- The success in securing smart phone ODM orders from global leading brand contributed to a rapid growth in the Group's income.
- The Group's business structure continued to improve, thus resulting in an enhancement in profitability of the Group.
- The successful expansion of customer base in mobile intelligent terminals area brought drivers to the long-term growth of the Group.

FINANCIAL RESULTS

The Board of Directors (the "Board") 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 2014 (the "Year") together with comparative figures in 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	4	**19,832,127**	16,062,179
Cost of sales		**(17,726,965)**	(14,383,177)
Gross profit		**2,105,162**	1,679,002
Other income and gains	4	**291,908**	261,870
Research and development expenses		**(709,087)**	(559,772)
Selling and distribution expenses		**(162,091)**	(132,526)
Administrative expenses		**(386,929)**	(343,369)
Other expenses		**(121,229)**	(146,392)
Finance costs	5	**(5,530)**	(7,248)
PROFIT BEFORE TAX	6	**1,012,204**	751,565
Income tax expense	7	**(110,507)**	(103,160)
PROFIT FOR THE YEAR			
Attributable to owners of the parent		**901,697**	648,405
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted			
– For profit for the year	8	**RMB0.40**	RMB0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT OR LOSS

As at 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**901,697**	648,405
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	**(5,734)**	(68,683)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(5,734)**	(68,683)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**895,963**	579,722
Attributable to owners of the parent	**895,963**	579,722

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	**31 December 2014 RMB'000**	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,697,261**	4,209,854
Prepaid land lease payments		**224,160**	228,964
Prepayments for property, plant and equipment		**464,036**	65,075
Other intangible assets		**20,596**	8,851
Loan to the ultimate holding company		**400,000**	400,000
Deferred tax assets		**180,457**	173,879
Total non-current assets		**5,986,510**	5,086,623
CURRENT ASSETS			
Inventories		**2,438,583**	1,862,279
Trade and bills receivables	9	**5,273,786**	3,437,408
Prepayments, deposits and other receivables		**433,359**	449,144
Due from fellow subsidiaries		**237,554**	63,846
Due from the intermediate holding company		**133,207**	109,133
Due from the ultimate holding company		**350,316**	206,087
Pledged deposits		**101,909**	86,851
Short-term deposits		**139,051**	200,000
Cash and cash equivalents		**1,740,182**	2,375,234
Total current assets		**10,847,947**	8,789,982
CURRENT LIABILITIES			
Trade and bills payables	10	**5,169,794**	3,833,975
Other payables		**772,482**	646,762
Tax payable		**77,187**	71,285
Due to fellow subsidiaries		**682,824**	379,553
Due to the intermediate holding company		**155,276**	–
Due to the ultimate holding company		**311,682**	110,889
Total current liabilities		**7,169,245**	5,042,464
NET CURRENT ASSETS		**3,678,702**	3,747,518
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,665,212**	8,834,141

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,665,212**	8,834,141
Net assets		**9,665,212**	8,834,141
EQUITY			
Share capital: nominal value	*11*	**–**	216,999
Other statutory capital reserves		**–**	3,835,229
Share capital and other statutory capital reserves		**4,052,228**	4,052,228
Other reserves		**5,612,984**	4,717,072
Proposed final dividend	*12*	**–**	64,841
Total equity		**9,665,212**	8,834,141

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 Unit 1712, 17th Floor, Grand Central Plaza, No. 138 Shatin Rural Committee Road, Shatin, Hong Kong.

The Group was principally engaged in the manufacture, assembly and sale of mobile handset components and modules.

In the opinion of the directors, the parent of the Company is Golden Link Worldwide Limited, an enterprise established in the British Virgin Islands, and the ultimate holding company of the Company is BYD Company Limited, which is established in the PRC.

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"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention. 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 2014. 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 in the accounting policy for subsidiaries below. 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 derecognizes (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 recognizes (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 recognized 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 standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no significant financial impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	*Amendments to a number of HKFRSs*[1]
Annual Improvements 2011-2013 Cycle	*Amendments to a number of HKFRSs*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

3. OPERATING SEGMENT INFORMATION

The Group's primary business is the manufacture, assembly and sale of mobile handset components and modules. For management purposes, the Group is organised into one operating segment based on industry practice and management's vertical integration strategy. Management monitors the result of the Group as a whole for the purpose of making decision about resources 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

	2014	2013
	RMB'000	*RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**16,560,946**	11,839,922
European Union	**1,054,068**	546,502
United States of America	**778,974**	1,600,313
Japan	**380,619**	921,042
India	**92,290**	792,864
Other countries	**965,230**	361,536
	19,832,127	16,062,179

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

(b) Non-current assets

	2014	2013
	RMB'000	*RMB'000*
PRC (including Hong Kong, Macau and Taiwan)	**5,626,071**	4,563,443
India	**145,995**	293,038
European Union	**33,987**	49,280
	5,806,053	4,905,761

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

Information about major customer

Sales from major customers of the corresponding years contributing over 10% of the total sales revenue of the Group is as follows:

	2014
	RMB'000
Customer A[1]	**4,893,328**
Customer B[1]	**3,147,144**
	8,040,472

	2013
	RMB'000
Customer A[1]	3,136,947
Customer B[1]	2,504,585
Customer C[1]	2,036,244
	7,677,776

1 Sales revenue from major customers from providing assembly services and sale of mobile handset components and modules.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of mobile handset components and modules	**9,055,745**	9,056,372
Assembly services income	**10,776,382**	7,005,807
	19,832,127	16,062,179

	2014	2013
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**76,038**	50,049
Other interest income	**29,330**	29,666
Sale of scrap materials and materials	**131,298**	141,989
Compensation from suppliers and customers	**25,156**	16,126
Others	**30,086**	24,040
	291,908	261,870

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on factored trade receivables	**5,530**	7,248

6. PROFIT BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**7,482,592**	7,719,675
Cost of services provided	**10,195,286**	6,616,923
Depreciation	**903,397**	630,753
Research and development costs:		
Current year expenditure	**709,087**	559,772
Minimum lease payments under operating leases		
– Land and buildings	**8,888**	6,986
– Machinery and equipment	**61,673**	55,429
Auditors' remuneration	**1,759**	2,080
Amortisation of prepaid land lease payments#	**4,931**	2,872
Amortisation of intangible assets#	**3,292**	2,170
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**2,910,339**	2,462,547
Retirement benefit scheme contributions	**101,417**	93,340
	3,011,756	2,555,887
Impairment of trade receivables##	**23,296**	5,608
Impairment losses of trade receivables reversed##	**(5,109)**	(14)
Impairment of property, plant and equipment##	**78,315**	15,373
Impairment of inventories###	**49,087**	46,579
Loss on disposal of items of property, plant and equipment##	**17,607**	3,168
Foreign exchange loss, net##	**3,992**	116,291

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

Included in "Other expenses" in the consolidated statement of profit or loss.

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

7. 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.

Huizhou BYD Electronic Co., Limited, a wholly-owned subsidiary of the Company, which was approved to be a high and new technology enterprise in November 2011, and is entitled to enjoy a reduced enterprise income tax rate of 15% for the period from 2012 to 2014.

BYD Electronics India Private Limited, a wholly-owned subsidiary of the Company, is subject to income tax at a rate of 33.99%.

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

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions of which the Group operates, based on existing legislation, interpretations and practices in respect thereof. No provision has been made for profits tax in Hungary, Romania, the United States of America and Finland as the Group had no assessable profits derived from these countries.

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

	2014 ***RMB'000***	2013 *RMB'000*
Group:		
Current – PRC	**117,085**	100,607
Current – India	**–**	–
Deferred	**(6,578)**	2,553
Total tax charge for the year	**110,507**	103,160

8. 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 (2013: 2,253,204,500).

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2014 and 2013 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:

	2014 ***RMB'000***	2013 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**901,697**	648,405

	Number of shares **2014**	 2013
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

9. TRADE AND BILLS RECEIVABLES

	Group 2014 RMB'000	2013 RMB'000
Trade and bills receivables	**5,317,902**	3,483,518
Impairment	**(44,116)**	(46,110)
	5,273,786	3,437,408

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 its 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 22% (2013: 14%) and 65% (2013: 57%) 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 receivables balances. Trade receivables are non-interest-bearing.

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

	Group 2014 RMB'000	2013 RMB'000
Within 90 days	**4,919,235**	3,277,515
91 to 180 days	**281,710**	138,828
181 to 360 days	**72,841**	21,065
	5,273,786	3,437,408

10. TRADE AND BILLS PAYABLES

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

	Group 2014 RMB'000	2013 RMB'000
Within 90 days	**4,247,293**	3,464,316
91 to 180 days	**887,953**	331,182
181 to 360 days	**18,044**	32,313
1 to 2 years	**14,036**	4,115
Over 2 years	**2,468**	2,049
	5,169,794	3,833,975

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

11. SHARE CAPITAL

	2014	2013
	RMB'000	*RMB'000*
Shares		
Authorised: *(note (i))*		
ordinary shares of HK$0.10 each *(note (ii))*	**–**	425,964
Issued and fully paid:		
2,253,204,500 (2013: 2,253,204,500) ordinary shares	**4,052,228**	216,999

Notes:

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

12. DIVIDENDS

	2013
	RMB'000
The Board of Directors does not recommend payment of dividend in respect of the Year. (Final dividend – RMB0.0288 per ordinary share in 2013)	64,892

On 25 June 2014 the shareholders approved the distribution of a dividend of RMB 0.0288 per share for the year ended 31 December 2013 which has been subsequently paid on 13 August 2014.

13. CONTINGENT LIABILITIES

On 11 June 2007, a Hong Kong High Court (the "Court") action (the "June 2007 Action") was commenced by a subsidiary and an affiliate of Foxconn International Holdings Limited (the "Plaintiffs") against the Company and certain subsidiaries of the Group (the "Defendants") for using confidential information alleged to have been obtained improperly from the Plaintiffs. The Plaintiffs alleged that the Defendants have directly or indirectly through the assistance of certain employees of the Plaintiffs, induced and procured certain former employees of the Plaintiffs (some of whom were subsequently employed by the Group) to breach their contractual and fiduciary duties with their former employer, the Plaintiffs, by disclosing to the Defendants confidential information that such employees have acquired through their employment with the Plaintiffs. In addition, it was alleged that the Defendants knew or ought to have known the confidential nature of such information and that the Defendants allowed or acquiesced its misuse in establishing a handset production system that is highly similar to the Plaintiffs' handset production system and using the Plaintiffs' confidential information with respect to their suppliers and customers. The Plaintiffs discontinued the June 2007 Action on 5 October 2007 with the effect that the June 2007 Action has been wholly discontinued against all the Defendants named in the action and that this finally disposed of the June 2007 Action without any liability to the Defendants. On the same day, the Plaintiffs initiated a new set of legal proceedings in the Court (the "October 2007 Action"). The Defendants named in the October 2007 Action are the same as the Defendants in the June 2007 Action, and the claims made by the Plaintiffs in the October 2007 Action are based on the same facts and the same grounds in the June 2007 Action. In essence, the Plaintiffs alleged that the Defendants have misappropriated and misused confidential information belonging to the Plaintiffs. The remedies sought by the Plaintiffs in the October 2007 Action include an injunction restraining the Defendants from using the alleged confidential information, an order for the disgorgement of profit made by the Defendants through the use of the confidential information, damages based on the loss suffered by the Plaintiffs and exemplary damages.

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

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

On 2 November 2007, the Company and its fellow subsidiary, BYD Hong Kong Limited ("BYD Hong Kong "), which had been served with the writ at that time, applied for a stay of the legal proceedings. The hearing of the stay application took place on 11 and 12 June 2008 and the judgement in respect of the stay application was handed down on 27 June 2008. The stay application was turned down and an order was issued, of which the legal cost for the application of stay by the Plaintiffs is to be borne by the Company and BYD Hong Kong. The legal cost, if not agreed, will be determined by the Court. On 2 September 2009, the above-mentioned Plaintiffs made an amendment to the writ with the Court for inclusion of Foxconn Precision Component (Beijing) Co., Ltd. as a plaintiff.

On 2 October 2009 the Defendants instituted a counter-action against Hon Hai Precision Industry Co., Ltd., Foxconn International Holdings Limited, Shenzhen Futaihong Precision Industry Co., Ltd. and Hongfujin Precision Industry (Shenzhen) Co., Ltd. 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, and made requests in respect of the action as follows: The Company requested the Court to issue an injunction banning Hon Hai Precision Industry Co., Ltd. and Foxconn International Holdings Limited from spreading, releasing and procuring the release of statements against the Company or any similar wording to discredit the Company. Requests were also made to order Hon Hai Precision Industry Co., Ltd. to compensate for the damage (including aggravated damages and punitive damages) arising from its written and oral defamation, to order Foxconn International Holdings Limited to compensate for the damage (including aggravated damages and punitive damages) arising from its written defamation, and to order Hon Hai Precision Industry Co., Ltd., Foxconn International Holdings Limited, Shenzhen Futaihong Precision Industry Co., Ltd. and Hongfujin Precision Industry (Shenzhen) Co., Ltd. to compensate for the losses due to unlawful interference with the operations of the Company and its subsidiaries, and the loss, interest, costs and other relief caused by their collusion.

On 21 January 2010, the Plaintiffs applied to the court rejecting the contents of some paragraphs in the defendant's counterclaim. On 24 August 2010, the court made a judgement dismissing the application for elimination. On 28 September 2010, the Plaintiffs appealed against the aforesaid judgement. On 31 December 2010, the Court granted leave for the appeal application. In response to the appeal application, the court held hearings on 16 September 2011 and 24 May 2012. On 20 June 2012, the court handed down the judgement to dismiss the appeal relating to the elimination request from the plaintiff.

On 30 January 2012, the Plaintiffs filed an application to the Hong Kong High Court requesting it to send a letter of request to the Shenzhen Intermediate People's Court for copying information in the mobile hard drive maintained in the Shenzhen Intermediate People's Court. On 13 April 2012, the Defendants made a reply to the application, requesting that apart from the Shenzhen Intermediate People's Court, the letter of request should also be sent to the Supreme People's Court of the PRC, the Shenzhen Bao'an District People's Court and the Shenzhen Longgang District People's Court through which the letter of request should be passed to the Bao'an Branch of the Shenzhen Public Security Bureau and the Beijing Jiuzhoushichu Intellectual Property Rights Forensic Center, requesting the aforesaid authorities or units to assist in the transfer or disclosure of evidence materials such as computers, copies of mobile hard disks and case files of parties closely related to this case. On 11 October 2012, the Hong Kong High Court decided to postpone the hearing for the above application originally scheduled to be held on 18 October 2012 to a time to be further decided.

On 6 June 2013, Hong Hai Precision Industry Co., Ltd., Foxconn International Holdings Limited, Shenzhen Futaihong Precision Industry Co., Ltd. and Hongfujin Precision Industrial (Shenzhen) Co., Ltd. (defendants of the counterclaim) replied to the counterclaim from the Defendants and argued that the alleged intervention in the operations of the Defendants and the collusions were not actionable pursuant to the PRC laws, and the alleged charges of written and verbal defamation were legal disclosures under Taiwanese laws, therefore, the counterclaim made by the Defendants against them was groundless. On 27 June 2013, the Defendants made an application to the High Court for raising a defence against the reply from the defendants of the counterclaim. On 6 December 2013, the Defendants submitted a response against the above-mentioned defence of Foxconn. On 4 July 2014 the two parties exchanged the list of evidence.

Based on the legal opinion issued by the Group's legal counsel in 2015, the ultimate outcome of the litigation is not yet determinable. Accordingly, it is uncertain whether the litigation may lead to compensation obligations on the part of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2014 ("the Year"), the overall global economic growth was sluggish. The revival of US economy was slow and the Eurozone economy only managed a meagre growth. In 2014, China's gross domestic product grew by 7.4% as compared to 2013, indicating a steady growth of the overall economy at a new equilibrium brought about by the country's economic restructuring.

During the Year, as part of the global consumer electronic industry's favorable development, the world's handset market achieved a healthy growth, with the smartphone market maintaining momentum for rapid development. According to the statistics of Gartner, a research institution, the smartphone shipments rose by 28.4% to 1.24 billion units, accounting for 66.3% of the global handset shipments, consistently outperforming those of feature phones and maintaining its dominance in the mobile communications market.

In the Chinese market, domestic manufacturers successively introduced new models of smartphone, thereby constantly improving awareness of their brands. According to data from the Academy of Telecommunications Research under the Ministry of Industry and Information Technology (MIIT), handset shipment volume in China was 452 million units in 2014. In particular, the smartphone shipment volume was 389 million units, and had an 86% share of the handset market. During the year, various operators increased their marketing efforts on 4G terminals, triggering off replacement of old models of mobile intelligent terminals with new ones. These developments were giving new opportunities to the mobile intelligent terminal market as well as impetus to the sustainable development of the handset industry.

As for the application of material, metal materials have been applied to the casings and structural components as essential configuration of high-end smartphones to satisfy consumers' ever higher requirement for product functions and appearance. Metal materials were well received among the domestic and overseas smartphone manufacturers because of outstanding performance and excellent user experience. The rising penetration rate of metal components in the global smartphone market brought enormous development opportunities for suppliers with advantages in technology, quality, scale, cost and leading market positions.

BUSINESS REVIEW

BYD Electronic (International) Company Limited ("BYD Electronic" or the "Company") and its subsidiaries (which are collectively referred to as the "Group") ranks among the leading suppliers of handset components and assembly service with technological strengths and cost competitiveness. The Company adopts an operating strategy of providing one-stop services with highly vertical integration capabilities, and provides handset manufacturers of different brands with such services as the manufacture of such handset components as casings, structural parts, and modules, as well as complete handset design and assembly. It also provides such services as design, parts manufacturing and assembly for manufacturers of other electronic products.

During the Year, both the domestic and overseas handset manufacturers continued to launch new products to meet consumers' higher requirement for the appearance, texture and performance of handsets, which in turn led to higher specification for handset components. To capitalize on the rising market penetration of metal components in global smart phone manufacturing and the mass production for the new customers' projects, the Group leveraged its highly vertical integration capabilities, strong competitiveness in products which offer value for money to consistently improve its business structure. All these, coupled with the rapid growth of the original design manufacturing (ODM) business, resulted in a steady growth in the Group's profitability and drove the growth of its handset components and assembly business. During the Year, the Group's turnover rose by 23.47% to approximately RMB19,832 million. Profit attributable to shareholders increased by approximately 39.06% to approximately RMB902 million.

Taking full advantage of its leading core technologies and the wider adoption of its proprietary plastics-and-metal hybrid technology (PMH), the Group secured contracts from a number of domestic and overseas smartphone manufacturers for producing their high-end flagship models, and gained market's recognition for its technological strengths which reinforced its status as one of the major manufacturers of global metal handset casings with comprehensive competitiveness and position in the industry. Since the Group's PMH component business enjoys higher profitability than its traditional businesses, the Group seized the opportunities by expanding its production scale consistently during the Year, thus achieving satisfactory growths in revenue and profit.

As for its customers, the Group secured a number of contracts from domestic and overseas manufacturers for producing high-end smartphones because of its integrated competitive advantages, and successfully won new business from a renowned Korean smartphone brand. Meanwhile, the Group maintained good business relationships with renowned international customers to promote the development of new businesses and reinforce its cooperation with long-term business partners. On the other hand, the Group actively strengthened its cooperation with domestic manufacturers by providing them the handset components of metal casings with PMH technologies and the assembly services in their projects of producing more new models of high-end smartphones, thus meeting the strong market demand.

With its extensive experience, outstanding technical expertise and integrated servicing capabilities, the Group, as a global leading manufacturer of handset component and assembly services, vigorously developed its ODM businesses for products such as smartphones, tablets and other mobile terminals, and secured contracts from renowned international brands to provide one-stop services that range from complete handset design, manufacturing of components, to complete handset assembly service during the year. The Group continued to increase its share of the market for ODM of smartphones and tablets, thus achieving satisfactory growth in revenue.

FUTURE STRATEGY

In 2015, the global economy is anticipated to remain slow recovery. While the United States' economy is expected to continue its recovery, the European economy will still face a certain risk of downturn. In China, it is expected that the domestic economic growth will continue to slow down while the central government will remain steadfast policies in pursuing economic restructuring with the aim of transforming its industries and achieving a steady and sustainable economic growth. The positive and stable macro-economic prospect bodes well for the consistent development of various industries, and could herald a healthier operating environment for the domestic handset industry.

The rapid development of the mobile internet will generate consistent and robust demand for mobile intelligent terminals. Gartner forecasts that the global handset shipments in 2015 will grow to 1.94 billion units. It also predicts that the smartphone market will continue to grow rapidly, with the global market share rising to 88% in 2018. It also estimates that total tablet shipment volume will increase by 8% to 233 million units in 2015. In the Chinese market, the technological upgrade of the industry will drive the growth of consumers' demand for mobile communication terminals. IDC forecasts that mobile intelligent terminal shipments from China for this year will increase to 550 million units.

In view of the fast-growing market and intensified market competition, manufacturers at home and abroad are enhancing the handsets' quality by adopting more and more PMH metal casings in their products. The PMH metal casings improve the handsets' mechanical performance, aesthetical appeal in design, texture and signal reception. The Group believes that the popularity of PMH metal casings will pick up momentum and its application will become wider. As a pioneer in developing and promoting this technology, BYD Electronic will leverage its first-mover advantage to actively participate in the development and production of mainstream high-end models with the global leading brand manufacturers and to enhance its competitiveness in the global smartphone market as well as strive for a higher market share. Looking forward, the Group will continue to reinforce and strengthen its leading position in the industry. Meanwhile, it will expand the scope of applications of metal components so as to develop this business into one of the major growth drivers of the Group in the future.

In addition, it is expected that the demand for smartphones and tablets and other mobile intelligent terminals would continue to expand. The Group expects that this development would drive the rapid development of the overall ODM business. It will seize the market opportunities in ODM business development to secure more contracts from leading global brands, develop a comprehensive and stable customer base and expand its share of the mobile intelligent terminal market. This will help increase the Group's revenue and profit.

Looking forward, suppliers who possess high capabilities of vertical integration and advanced technology expertise to provide one-stop services are able to look ahead to further business expansion by tapping into the rapid development of the markets for mobile intelligent terminals which will be driven by the popularization of mobile Internet and the diversifying types of smart apps. BYD Electronic will firmly grasp the market opportunities by continuing to bring its strong capability of vertical integration into play and striving to improve its R&D capability and technical standard in order to enhance its market position and gain a larger market share amid the industry's consolidation. Meanwhile, the Group will continue to expand its businesses in relevant markets, reinforce and deepen its strategic relationships with business partners, and lower the cost through technological innovation while improving the product quality, so as to enhance its overall competitiveness, maintain rapid growth and generate solid returns to shareholders.

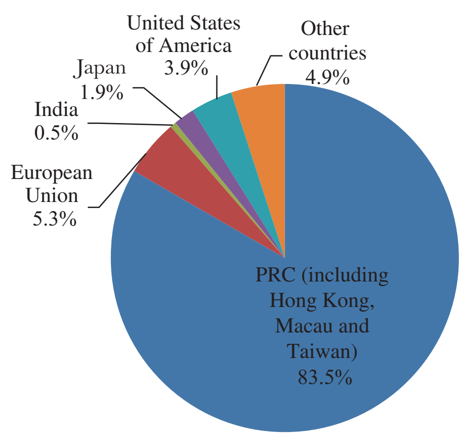
FINANCIAL REVIEW

Turnover recorded an increase of 23.47% as compared to the previous year. Profit attributable to equity owners of the parent increased by 39.06% as compared to the previous year, mainly attributable to the rapid growth of smart phone ODM orders from global leading brand business which drove the revenue growth and profitability.

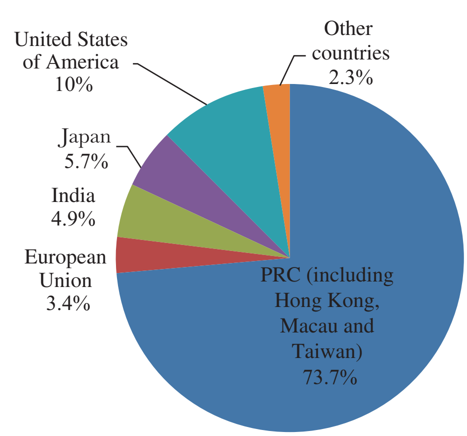
Segmental Information

Set out below is the comparison of geographical information by customer location for the year ended 31 December 2013 and 2014:

2014



2013



Gross Profit and Margin

The Group's gross profit for the Year increased by approximately 25.38% to approximately RMB2,105 million. Gross profit margin rose from approximately 10.45% in 2013 to 10.61%. The increase in gross profit margin was mainly due to the Group's successful development of new smartphone projects of leading global handset manufacturers.

Liquidity and Financial Resources

During the Year, the Group recorded cash inflow from operations of approximately RMB1,296 million, compared with approximately RMB1,647 million recorded in 2013. During the Year, funds were obtained from the net cash derived from the Company's operations. As at 31 December 2014 and 31 December 2013, the Group did not have bank borrowings.

The Company maintained sufficient daily liquidity management and capital expenditure requirements, so as to control internal operating cash flows. Turnover days of accounts and bills receivables were approximately 80 days for the year ended 31 December 2014, compared with approximately 70 days for the year ended 31 December 2013. Inventory turnover for the year ended 31 December 2014 was approximately 47 days, compared with approximately 48 days for the year ended 31 December 2013.

Capital Structure

The duty of the Company's financial division is to manage the Company's financial risk, and to operate in accordance with the policies approved and implemented by the senior management. As at 31 December 2014, the Company had no bank borrowings and its cash and cash equivalents were mainly held in Renminbi and US dollars. The Company's current bank deposits and cash balances and fixed deposits as well as the Company's credit facilities and net cash derived from operating activities will be sufficient to satisfy the Company's material commitments and the requirements for working capital, capital expenditure, business expansion, investments and expected debt repayment needs for at least the next year.

Exposure to Foreign Exchange Risk

Most of the Company's income and expenditure are settled by Renminbi and US dollars. During the Year, the Company recorded losses arising from exchange differences, which was mainly attributed to the change in exchange rate of US dollars to Reminbi and of INR to US dollars. During the Year, the Company did not encounter any significant difficulties or come under any impact on its operations or liquidity due to fluctuation in currency exchange rates. The directors believe that the Company will have sufficient foreign exchange to meet its own foreign exchange needs.

Employment, Training and Development

As at 31 December 2014, the Company had employed over 60 thousand employees. During the Year, total staff cost accounted for approximately 15.86% of the Company's turnover. The Company determines the remuneration of its employees based on their performance, experience and prevailing industry practices, and compensation policies are reviewed on a regular basis. Bonuses and rewards may also be given to employees based on their annual performance evaluation. Incentives may be offered to encourage individual development.

Share Capital

As at 31 December 2014, the share capital of the Company was as follows:

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

Purchase, Sale or Redemption of Shares

From 1 January 2014 to 31 December 2014, the Company did not redeem any of its shares. During the Year, neither the Company nor any of its subsidiaries purchased or sold any shares of the Company.

Capital Commitments

As at 31 December 2014, the Company had capital commitment of approximately RMB1,601 million (31 December 2013: approximately RMB154 million).

Contingent Liabilities

Please refer to Note 13 of the financial statements included in this announcement for details of contingent liabilities.

ENVIRONMENTAL PROTECTION

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

SUPPLEMENTARY INFORMATION

Corporate Governance

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

The Board is committed to maintain and ensure high standards of corporate governance practices.

The Board emphasizes on maintaining a quality Board with balance of skills among Directors, better transparency and effective accountability system in order to enhance shareholders' value. 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.

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

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

Disclosure Pursuant to Rule 13.51B of the Listing Rules

Mr. Wang Chuan-fu was appointed as the chairman of Shengshi Xindi Electronic Vehicles Services Co., Ltd (盛世新迪電動汽車服務有限公司) on 4 November 2014.

Mr. Wu Jing-sheng was appointed as the chairman of Shenzhen BYD Electronic Vehicles Investment Limited (深圳比亞迪電動汽車投資有限公司) and Shenzhen BYD International Financial Leasing Co., Ltd. (深圳比亞迪國際融資租賃有限公司) on 30 June 2014 and 11 July 2014, respectively. He was also appointed as the vice chairman and chairman of Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司) and Shenzhen Dicheng New Energy Co., Ltd (深圳迪程新能源有限公司) on 4 August 2014 and 6 August 2014, respectively.

Mr. Chung Kwok Mo John resigned as the external adviser of Xiwang Special Steel Company Limited ("Xiwang Special Steel", a listed company on the Stock Exchange, Stock Code: 1266) and Xiwang Property Holdings Company Limited ("Xiwang Property") on 1 January 2015.

Mr. Liang Ping resigned as an independent non-executive director of the Company on 3 February 2015.

Audit Committee

The audit committee consists of two independent non-executive Directors and two non-executive Directors. A meeting was convened by the Company's audit committee on 27 March 2015 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 2014) for recommendation to the Board for approval.

Disclosure of Information on the Website of the Stock Exchange

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

By order of the board of
BYD Electronic (International) Company Limited
LI Ke
Director

Hong Kong, 27 March 2015

As at the date of this announcement, the executive Directors are Ms. LI Ke and Mr. SUN Yi-zao; the non-executive Directors are Mr. WANG Chuan-fu and Mr. WU Jing-sheng; and the independent non-executive Directors are Mr. CHUNG Kwok Mo John and Mr. Antony Francis MAMPILLY.