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 2015

Turnover	47.67%	To RMB29,286 million
Gross profit	-9.58%	To RMB1,904 million
Profit attributable to owners of the parent	0.72%	To RMB908 million
Earnings per share	0.72%	To RMB0.40

HIGHLIGHTS

- The success in securing smart phone EMS orders from leading domestic brands contributed to a rapid growth in the Group's revenue.
- The sustainability of attaining orders of flagship models from top-tier manufacturers at home and abroad led to significant growth in sales of the metal components business.
- The accomplishment in expanding new clientele of mobile intelligent terminals laid the foundation for long-term sustainable development 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 2015 (the "Year") together with comparative figures in 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
REVENUE	4	**29,285,830**	19,832,127
Cost of sales		**(27,382,285)**	(17,726,965)
Gross profit		**1,903,545**	2,105,162
Other income and gains	4	**451,442**	291,908
Government grants and subsidies	5	**47,852**	–
Research and development expenses		**(722,270)**	(709,087)
Selling and distribution expenses		**(152,044)**	(162,091)
Administrative expenses		**(453,609)**	(386,929)
Other expenses		**(35,390)**	(121,229)
Finance costs	6	**(3,089)**	(5,530)
PROFIT BEFORE TAX	7	**1,036,437**	1,012,204
Income tax expense	8	**(128,292)**	(110,507)
PROFIT FOR THE YEAR			
Attributable to owners of the parent		**908,145**	901,697
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted			
– For profit for the year	9	**RMB0.40**	RMB0.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**908,145**	901,697
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	**(25,578)**	(5,734)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(25,578)**	(5,734)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(25,578)**	(5,734)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**882,567**	895,963
Attributable to owners of the parent	**882,567**	895,963

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**6,656,894**	4,697,261
Prepaid land lease payments		**219,049**	224,160
Prepayments for property, plant and equipment		**292,952**	464,036
Other intangible assets		**17,680**	20,596
Loan to the ultimate holding company		**400,000**	400,000
Deferred tax assets		**210,502**	180,457
Total non-current assets		**7,797,077**	5,986,510
CURRENT ASSETS			
Inventories		**3,948,269**	2,438,583
Trade and bills receivables	*10*	**7,906,438**	5,994,863
Prepayments, deposits and other receivables		**359,174**	433,359
Due from related party		**4,786**	–
Pledged deposits		**1,155**	101,909
Short-term deposits		**268,600**	139,051
Cash and cash equivalents		**1,958,902**	1,740,182
Total current assets		**14,447,324**	10,847,947
CURRENT LIABILITIES			
Trade and bills payables	*11*	**9,265,345**	6,319,576
Other payables		**2,234,186**	772,482
Due to related parties		**29,055**	–
Tax payable		**168,036**	77,187
Total current liabilities		**11,696,622**	7,169,245
NET CURRENT ASSETS		**2,750,702**	3,678,702

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
Net assets		**10,547,779**	9,665,212
EQUITY			
Share capital	*12*	**4,052,228**	4,052,228
Other reserves		**6,495,551**	5,612,984
Total equity		**10,547,779**	9,665,212

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.

Information about subsidiaries

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

Company name	Place of incorporation or registration and operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BYD Electronic Company Limited ("BYD Electronic") (比亞迪電子有限公司)	Cayman Islands	HK$ 1	100	–	Investment holding
Lead Wealth International Limited ("Lead Wealth") (領裕國際有限公司)	British Virgin Islands	US$ 1	–	100	Investment holding
BYD Precision Manufacture Company 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 and modules
BYD (Tianjin) Co., Limited ("BYD Tianjin") (天津比亞迪電子有限公司)*	PRC/Mainland China	US$ 40,000,000	–	100	High-level assembly and PCB assembly
Huizhou BYD Electronic Co., Limited ("BYD Huizhou") (惠州比亞迪電子有限公司)**	PRC/Mainland China	US$ 110,000,000	–	100	High-level assembly
BYD Electronics India Private Limited ("BYD India ")	India	INR 2,407,186,600	–	100	Manufacture and sale of mobile handset components and modules

Company name	Place of incorporation or registration and operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BYD Electronic Hungary Kft	Hungary	HUF 500,000	–	100	Manufacture and sale of mobile handset components
Xi'an BYD Electronic Co., Limited ("Xi'an Electronic") (西安比亞迪電子有限公司)	PRC/Mainland China	RMB 100,000,000	–	100	Manufacture and sale of mobile handset components
Wuhan BYD Electronic Co., Limited ("BYD Wuhan") (武漢比亞迪電子有限公司)	PRC/Mainland China	RMB 100,000,000	–	100	Manufacture and sale of mobile handset components

* BYD Precision and BYD Tianjin are registered as a wholly-foreign-owned enterprise's under PRC law.

** BYD Huizhou is registered as a co-operative joint venture enterprise.

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. 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 Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements 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. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The Annual Improvements to HKFRSs 2011-2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

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 is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

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 to account for 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 judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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 a 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.

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

	2015	2014
	RMB'000	*RMB'000*
PRC	**27,309,032**	16,560,946
European Union	**913,460**	1,054,068
United States of America	**133,834**	778,974
Japan	**149,940**	380,619
India	**22,302**	92,290
Other countries	**757,262**	965,230
	29,285,830	19,832,127

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

(b) Non-current assets

	2015	2014
	RMB'000	*RMB'000*
PRC	**7,409,826**	5,626,071
India	**147,315**	145,995
Others	**29,434**	33,987
	7,586,575	5,806,053

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:

	2015
	RMB'000
Customer A[1]	**9,274,230**
Customer B[1]	**7,743,406**
Customer C[1]	**4,354,466**
	21,372,102

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

[1] Revenue from major customers come from providing assembly services and sale of mobile handset components and modules.

4. REVENUE, OTHER INCOME AND GAINS

Revenue 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:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of mobile handset components and modules	**11,588,638**	9,055,745
Assembly services income	**17,697,192**	10,776,382
	29,285,830	19,832,127

	2015	2014
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**33,446**	76,038
Other interest income	**23,920**	29,330
Sale of scrap materials and materials	**195,918**	131,298
Compensation from suppliers and customers	**50,693**	25,156
Foreign exchange gain, net	**121,603**	–
Others	**25,862**	30,086
	451,442	291,908

5. GOVERNMENT GRANTS AND SUBSIDIES

	2015	2014
	RMB'000	*RMB'000*
Related to income		
Subsidies on operating expense *(note (a))*	**46,650**	–
Others	**1,202**	–
	47,852	–

Note:

(a) In 2015, Xi'an BYD Electronic Co., Ltd. ("Xi'an Electronic"), a subsidiary of the Company, received government grants with an aggregate amount of RMB46,650,000 from the Xi'an High-tech Zone (西安高新技術產業開發區) as subsidies on operating expense. Since related expenditure has been occurred, RMB46,650,000 has been fully recognised as government grant income this year.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on factored trade receivables and bank loans	**3,089**	5,530

7. PROFIT BEFORE TAX

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

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories sold	**9,933,978**	7,482,592
Cost of services provided	**17,424,767**	10,195,286
Depreciation	**1,291,756**	903,397
Research and development costs:		
Current year expenditure	**722,270**	709,087
Minimum lease payments under operating leases	**123,417**	70,561
Auditors' remuneration	**1,589**	1,759
Recognition of prepaid land lease payments#	**4,929**	4,931
Amortisation of intangible assets#	**3,114**	3,292
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**3,838,412**	2,910,339
Retirement benefit scheme contributions	**168,901**	101,417
	4,007,313	3,011,756
Impairment of trade receivables##	**6,932**	23,296
Impairment losses of trade receivables reversed##	**(2,005)**	(5,109)
Impairment of property, plant and equipment##	**–**	78,315
Impairment of inventories###	**23,540**	49,087
Loss on disposal of items of property, plant and equipment##	**2,142**	17,607
Foreign exchange (gain)/loss, net##	**(121,603)**	3,992

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

Included in "Other income and gains" or "Other expenses" 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.

BYD Precision Manufacture Company Ltd. is approved to be a high and new technology enterprise in November 2015, and is entitled to enjoy a reduced enterprise income tax rate of 15% from 2015 to 2017.

Huizhou BYD Electronic Co., Limited, a wholly-owned subsidiary of the Company, is re-applied to be a high and new technology enterprise in July 2015, the application has been approved and currently is under disclosure, it is entitled to enjoy a reduced enterprise income tax rate of 15% from 2015 to 2017.

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:

	2015	2014
	RMB'000	*RMB'000*
Group:		
Current – PRC	**158,337**	117,085
Deferred	**(30,045)**	(6,578)
Total tax charge for the year	**128,292**	110,507

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 (2014: 2,253,204,500).

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2015 and 2014 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:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**908,145**	901,697

	Number of shares	
	2015	2014
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 AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Trade and bills receivables	**7,953,752**	6,038,979
Impairment	**(47,314)**	(44,116)
	7,906,438	5,994,863

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 50% (2014: 19%) and 82% (2014: 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:

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Within 90 days	**7,658,330**	5,640,312
91 to 180 days	**220,644**	281,710
181 to 360 days	**27,464**	72,841
	7,906,438	5,994,863

11. TRADE AND BILLS PAYABLES

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

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Within 90 days	**8,131,166**	5,397,075
91 to 180 days	**1,103,449**	887,953
181 to 360 days	**13,291**	18,044
1 to 2 years	**15,870**	14,036
Over 2 years	**1,569**	2,468
	9,265,345	6,319,576

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

12. SHARE CAPITAL

	2015	2014
	RMB'000	*RMB'000*
Shares		
Issued and fully paid:		
2,253,204,500 (2014: 2,253,204,500) ordinary shares *(note(a))*	**4,052,228**	4,052,228

Note:

(a) In accordance with the transitional requirement as set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance, on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

13. DIVIDENDS

The Board of Directors does not recommend payment of dividend for the year ended 31 December 2015 but intends to distribute profits for the first half of 2016 based on the cash flow positions after taking account of several factors including the development of the Company and the interests of shareholders.

14. CONTINGENT LIABILITIES

On 11 June 2007, a Hong Kong High Court action (the "June 2007 Action") was commenced by a subsidiary and an affiliate of Foxconn International Holdings Limited (the "Plaintiffs") against the Company and certain subsidiaries of the Group (the "Defendants") for using confidential information alleged to have been obtained improperly from the Plaintiffs. The Plaintiffs discontinued the June 2007 Action on 5 October 2007 with the effect that the June 2007 Action has been wholly discontinued against all the Defendants named in the action and this finally disposed of the June 2007 Action without any liability to the Defendants. On the same day, the Plaintiffs initiated a new set of legal proceedings in the Court (the "October 2007 Action"). The Defendants named in the October 2007 Action are the same as the Defendants in the June 2007 Action, and the claims made by the Plaintiffs in the October 2007 Action are based on the same facts and the same grounds in the June 2007 Action. The remedies sought by the Plaintiffs in the October 2007 Action include an injunction restraining the Defendants from using the alleged confidential information, an order for the disgorgement of profit made by the Defendants through the use of the confidential information, damages based on the loss suffered by the Plaintiffs and exemplary damages. The total damages sought by the Plaintiffs in the October 2007 Action have not been quantified.

On 2 October 2009 the Defendants instituted a counter-action against Foxconn International Holdings Limited and certain of its affiliates for their intervention, by means of illegal measures, in the operations involving the Company and certain of its subsidiaries, collusions, written and verbal defamation, and the economic loss as a result of the said activities.

With assistance from the Company's legal counsel representing the Company for the case, the directors are 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.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

For the year ended 31 December 2015 (the "Year"), the global economy underwent deep adjustment as a result of the gradual improvement of the US economy, the slow recovery of the economy in the Eurozone, the considerable volatility in the Japanese economy, the slowdown in emerging economies and the lack of growth momentum. China's economic development continued the slowdown trend in 2015 as in recent years, with an annual economic growth rate of 6.9%. As the economy was subject to downside pressure, the Chinese government continued to deepen reform and boost restructuring by launching the "Made in China 2025" and the "One Belt, One Road" national strategies to push economic growth into a "new normal" pattern.

During the Year, the global consumer electronics market was growing steadily but market competition became increasingly intense with the growing popularity of smartphones. According to the statistics from IDC, a globally recognized market research institution, the global smartphone shipments in 2015 increased by 9.8% year-on-year to 1.43 billion units, suggesting that the increase continued to decelerate sharply. The growing popularity of the 4G mobile phone standard around the globe led to a new round of boom to switch to newer mobile phones, prompting a double demand for 4G smartphones.

In the Chinese market, manufacturers of leading domestic handset brands continued to make innovation in terms of product performance and appearance during the Year by rolling out a variety of competitive, new smartphone products which enabled them to gain expanding brand influence in the international market, increase their market shares rapidly and maintain rapid sales growth in the international market. Among the world's top 12 smartphone manufacturers, handset manufacturers from China accounted for nearly a quarter of the market share. The data from the Ministry of Industry and Information Technology of the People's Republic of China indicated that handset shipment volume in China was 518 million units in 2015, a year-on-year increase of 14.6%, of which smartphone shipments were 457 million units, representing a year-on-year increase of 17.7% and accounting for 88.3% of the domestic handset shipment volume for the same period. In particular, domestic 4G handset shipments surged 157.0% year-on-year to 440 million units, accounting for 85.0% of the domestic handset shipment volume.

As to the use of materials, since consumers were asking for more in terms of mobile phone appearance and overall user experience, the various advantages of metal casings and structural components in terms of texture, performance, appearance and other aspects were well-received by consumers and handset manufacturers, thus gradually developing into a mainsteam in the use of these materials in smartphones. Handset manufacturers were switching to metal casings and structural components in mobile phones more popularly. In particular, there was a growing trend in such use in the high-end smartphone market, which gradually penetrated into the low- and middle-end handset markets.

BUSINESS REVIEW

BYD Electronic (International) Company Limited ("BYD Electronic" or the "Company") and its subsidiaries (collectively referred to as the "Group") is a supplier of handset components and assembly services in China with leading 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 various services such as the manufacture of handset components (e.g. casings and structural parts) and handset modules as well as handset design and assembly. It also provides such services as design, parts manufacturing and assembly for manufacturers of other electronic products. During the Year, the Group's turnover rose by approximately 47.67% year-on-year to approximately RMB29,286 million. Profit attributable to shareholders increased by approximately 0.72% to approximately RMB908 million as compared to the same period last year. The Board does not recommend the payment of final dividend for the year ended 31 December 2015.

During the Year, having seen that consumers around the global generally called for higher standards such as smartphone appearance, overall experience and operational performance, manufacturers of international handset brands tried to attract customers by means of continuous optimization of product technology and design. As metal casings were widely used in different grades of smartphone, the metal products business continued to grow rapidly with the Group's unique and mature processing technique, leading edge technology and cost competitiveness. During the Year the Group was expanding production capacity aggressively to ensure production capacity was sufficient to meet market and customer needs. With respect to the plastic components business, the Group was facing greater pressure as a result of the process of transition from the use of plastic casings to the use of metal casings in smartphones, tablet computers and other mobile intelligent terminals. With respect to the assembly business, the Group's success in securing smart phone EMS orders from leading domestic brands contributed to a rapid growth in the Group's revenue.

In terms of customers, the Group continued to maintain close business relations with well-known domestic and overseas leading manufacturers of handsets. It successively received orders from a plurality of manufacturers of leading brands to continue providing them with metal casings and other handset components for their middle- and high-end flagship models. During the Year, shipments of some manufacturers of the international handset brands were lower than expected, which hit the Group's relevant businesses to a certain extent. In 2015, the Group was also aggressively expanding a number of new manufacturer customers of domestic leading handset brands in order to improve the customer composition, diversify the customer base for capturing a larger market share.

During the Year, the Group further expanded the product line based on the existing products to boost the full development of various products such as smartphones, tablet computers and other mobile intelligent terminals by continuing providing one-stop services ranging from complete-device design, parts production to complete-device assembly. The Group also successfully entered the supply chain of well-known notebook computer manufacturers to increase its profit sources.

FUTURE STRATEGY

Looking to 2016, the global economic growth is anticipated to continue decelerating whereas the Chinese economic development will enter a phase of deep structuring and economic transition. In 2016, handset manufacturers of Chinese domestic brands expect to continue increasing their market shares in the international market through innovation and technology upgrade. Based on the forecast in the IDC report, the global smartphone market will maintain moderate growth while the increase in smartphone shipments is expected to decline year by year over the next five years to an annual compound growth rate of approximately 7.4% to 2019. With the decreased market growth rate and increased market penetration, there will be increasingly intense market competition.

Faced with such intense competition in the market, major handset manufacturers will continue to make a breakthrough in innovation to meet customers' higher demands for products. We believe metal casings will continue to be well-received by mainstream consumers. More manufacturers of domestic and foreign handset brands are expected to use metal casings in the new models they are going to launch and in even lower-priced products. Amid this market opportunity, BYD Electronic will aim to consolidate its market advantages and leading position as well as expand the scope of product applications so as to enhance the Group's competitiveness.

In terms of customers, the Group will continue to collaborate with well-known international brand manufacturers in 2016 and secure more new orders with its various strengths such as technology, capacity and industry experience. Moreover, it will continue to develop relations with more new customers and build a more diverse and wider customer network. In addition, it will continue to expand the EMS business by trying to enter more supply chains of leading manufacturers for expanding its scope of business and increasing its revenue and profit sources.

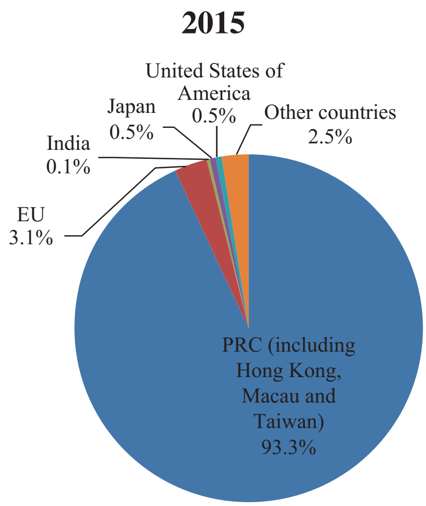
Looking to the future, BYD Electronic will remain committed to its core value positioning and deliver more quality products to customers with its improving technology R&D standards for consolidating and developing the strategic partnership with its domestic and foreign partners. The Group will continue to reduce production costs, optimize customer composition and enhance its market influence in various areas to lay a solid foundation for its long-term development and to create solid returns for its shareholders.

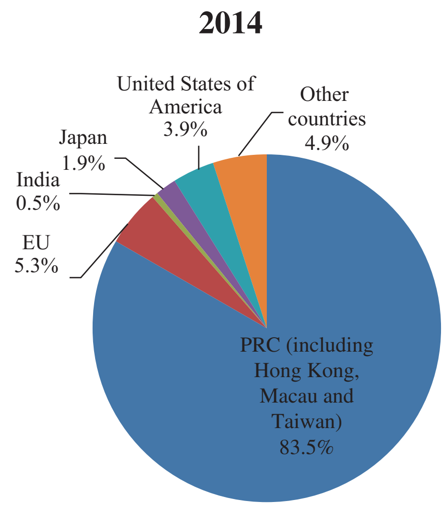
FINANCIAL REVIEW

Turnover recorded an increase of 47.67% as compared to the previous year. Profit attributable to equity owners of the parent increased by 0.72% as compared to the previous year, mainly attributable to the successful bidding of smart phone EMS orders of a leading brand in China, which in turn boosted the income of the Group.

Segmental Information

Set out below is the comparison of geographical information by customer location for the year ended 31 December 2014 and 2015:





Gross Profit and Margin

The Group's gross profit for the Year decreased by approximately 9.58% to approximately RMB1,904 million. Gross profit margin dropped from approximately 10.61% in 2014 to 6.50%. The decrease in gross profit margin was mainly due to change in products portfolio and the significant decline in gross profit margin of the assembly business.

Liquidity and Financial Resources

During the Year, the Group recorded cash inflow from operations of approximately RMB3,359 million, compared with approximately RMB1,296 million recorded in 2014. During the Year, funds were obtained from the net cash derived from the Company's operations. As at 31 December 2015 and 31 December 2014, 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 86 days for the year ended 31 December 2015, compared with approximately 90 days for the year ended 31 December 2014. Inventory turnover for the year ended 31 December 2015 was approximately 44 days, compared with approximately 47 days for the year ended 31 December 2014.

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 2015, 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 gains arising from exchange differences, which was mainly attributed to the change in exchange rate of US dollars to Reminbi. 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 2015, the Company had employed over 67,000 employees. During the Year, total staff cost accounted for approximately 14.32% 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 2015, 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 2015 to 31 December 2015, the Company or its subsidiaries 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 2015, the Company had capital commitment of approximately RMB293 million (31 December 2014: approximately RMB1,601 million).

Contingent Liabilities

Please refer to Note 14 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.

The Company has not deviated from the Code during the year ended 31 December 2015. However, as mentioned in the Company's announcement dated 3 February,2015, following Mr. Liang's resignation, the Company had only two independent non-executive Directors, which fell below the minimum number required under Rule 3.10(1) of the Listing Rules. The audit committee of the Company has a chairman and three members after the resignation of Mr. Liang, of which only two are Independent non-executive Directors, thus deviating from Rule 3.21 of the Listing Rules, pursuant to which the audit committee shall comprise a majority of independent non-executive Directors. The remuneration committee of the Company has four members after the resignation of Mr. Liang, of which only two are independent non-executive Directors, thus deviating from Rule 3.25 of the Listing Rules, which requires the remuneration committee to be chaired by an independent non-executive Director and comprise a majority of independent non-executive Directors. As mentioned in the Company's annual report for the year ended 31 December 2014, during the year ended 31 December 2014 and up until 2 February 2015 the Company had three independent non-executive Directors. However, as the total number of independent non-executive Directors fell below the minimum requirement under Rule 3.10(1) of the Listing Rules after the resignation of Mr. Liang, the Company has taken appropriate steps to identify a suitable candidate to fill the vacancy. Following the appointment of Mr. Qian Jing-jie as an independent non-executive Director of the Company (effective 27 April 2015), the Company is in compliance with all the requirements under Rule 3.10(1), Rule 3.21 and Rule 3.25 of the Listing Rules.

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

Ms. LI Ke has resigned as the chief executive officer, an executive director and a member of the remuneration committee of the Company on 27 April 2015.

Mr. Wang Nian-qiang has been appointed as the chief executive officer, an executive director and a member of the remuneration committee of the Company on 27 April 2015. Mr. Qian Jing-jie has been appointed as an independent non-executive director of the Company on 27 April 2015.

Audit Committee

The audit committee 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 2016 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 2015) 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
Wang Nian-qiang
Director

Hong Kong, 28 March 2016

As at the date of this announcement, the executive Directors are Mr. WANG Nian-qiang 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, Mr. Antony Francis MAMPILLY and Mr. QIAN Jing-jie.