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 2016

Turnover	25.43%	To RMB36,734 million
Gross profit	47.10%	To RMB2,800 million
Profit attributable to owners of the parent	35.83%	To RMB1,233 million
Earnings per share	35.83%	To RMB0.55
Proposed final dividend		RMB0.069 per share

HIGHLIGHTS

- The continuous increase in the penetration rate of metal parts led to significant growth in revenue of the metal parts business of the Group.
- The proactive expansion of new business sectors (such as auto electronics) cultivated new growth point for the Group's continuous development in future.
- We proactively research and develop new products and new materials, and apply them to more consumer electronics.

FINANCIAL RESULTS

The Board ("Board") of Directors (the "Directors") of BYD Electronic (International) Company Limited (the "Company" or "BYD Electronic") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 (the "Year") together with comparative figures in 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
REVENUE	4	**36,734,264**	29,285,830
Cost of sales		**(33,934,135)**	(27,382,285)
Gross profit		**2,800,129**	1,903,545
Other income and gains	4	**474,005**	451,442
Government grants and subsidies	5	**25,502**	47,852
Research and development expenses		**(978,772)**	(722,270)
Selling and distribution expenses		**(184,698)**	(152,044)
Administrative expenses		**(562,215)**	(453,609)
Other expenses		**(113,914)**	(35,390)
Finance costs	6	**(26,953)**	(3,089)
PROFIT BEFORE TAX	7	**1,433,084**	1,036,437
Income tax expense	8	**(199,593)**	(128,292)
PROFIT FOR THE YEAR			
Attributable to owners of the parent		**1,233,491**	908,145
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted			
– For profit for the year	9	**RMB0.55**	RMB0.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016	2015
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,233,491**	908,145
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	**123,917**	(25,578)
Net other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods	**123,917**	(25,578)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR, NET OF TAX	**123,917**	(25,578)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,357,408**	882,567
Attributable to owners of the parent	**1,357,408**	882,567

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	**31 December 2016** *RMB'000*	31 December 2015 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,396,606**	6,656,894
Prepaid land lease payments		**215,155**	219,049
Prepayments for property, plant and equipment		**398,569**	292,952
Other intangible assets		**24,938**	17,680
Loan to the ultimate holding company		**400,000**	400,000
Deferred tax assets		**215,990**	210,502
Total non-current assets		**7,651,258**	7,797,077
CURRENT ASSETS			
Inventories		**3,337,732**	3,948,269
Trade and bills receivables	*10*	**9,394,599**	7,906,438
Prepayments, deposits and other receivables		**397,974**	359,174
Due from related party			4,786
Pledged deposits			1,155
Short-term deposits		**247,360**	268,600
Cash and cash equivalents		**2,966,064**	1,958,902
Total current assets		**16,343,729**	14,447,324
CURRENT LIABILITIES			
Trade and bills payables	*11*	**10,118,810**	9,265,345
Other payables		**1,998,659**	2,234,186
Due to related parties		**2,760**	29,055
Tax payable		**120,536**	168,036
Total current liabilities		**12,240,765**	11,696,622
NET CURRENT ASSETS		**4,102,964**	2,750,702
Net assets		**11,754,222**	10,547,779
EQUITY			
Share capital	*12*	**4,052,228**	4,052,228
Other reserves		**7,701,994**	6,495,551
Total equity		**11,754,222**	10,547,779

NOTES TO FINANCIAL STATEMENTS
As at 31 December 2016

The financial information relating to the years ended 31 December 2016 and 2015 included in this preliminary announcement of annual results for the year ended 31 December 2016 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2016 in due course.

1. CORPORATE INFORMATION

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

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

The registered office of the Company is located at 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	
Lead Wealth International Limited ("Lead Wealth") (領裕國際有限公司)***	British Virgin Islands	US$50,000	–	100	Investment holding
BYD Precision Manufacture Co., Ltd. ("BYD Precision") (比亞迪精密製造有限公司)*	PRC/Mainland China	US$145,000,000	–	100	Manufacture and sale of mobile handset components and modules
Huizhou BYD Electronic Co., Limited ("Huizhou Electronic") (惠州比亞迪電子有限公司)**	PRC/Mainland China	US$110,000,000	–	100	High-level assembly
BYD Electronics India Private Limited ("BYD India")***	India	INR2,407,186,600	–	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	
Xi'an BYD Electronic Co., Limited ("Xi'an Electronic") (西安比亞迪電子有限公司)*	PRC/Mainland China	RMB100,000,000	–	100	Manufacture and sale of mobile handset components
BYD (Wuhan) Electronic Co., Limited ("Wuhan Electronic") (武漢比亞迪電子有限公司)*	PRC/Mainland China	RMB10,000,000	–	100	Manufacture and sale of mobile handset components

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

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

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. 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 2016. 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 new and revised HKFRSs for the first time for the current year's financial statements.

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

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) and certain amendments included in the Annual Improvements 2012-2014 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) 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 amendments have had no significant impact on the Group's financial statements.

(b) 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 applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) Amendments to HKAS 27 (2011) Equity Method in Separate Financial Statements

The HKAS 27 (2011) Amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRSs and electing to change to the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements are required to apply the change retrospectively. The amendments will not be applicable to the Group's consolidated financial statements.

(d) Annual Improvements to HKFRSs 2012-2014 Cycle issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

i. Effective for annual periods beginning on or after 1 January 2017
ii. Effective for annual periods beginning on or after 1 January 2018
iii. Effective for annual periods beginning on or after 1 January 2019

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.

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 judgments and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

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

	2016	2015
	RMB'000	*RMB'000*
PRC	**33,419,185**	27,309,032
United States of America	**940,750**	133,834
Europe	**846,436**	913,460
Other countries	**1,527,893**	929,504
	36,734,264	29,285,830

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

(b) Non-current assets

	2016	2015
	RMB'000	*RMB'000*
PRC	**6,878,003**	7,409,826
India	**157,187**	147,315
Others	**78**	29,434
	7,035,268	7,586,575

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

Information about major customers

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

	2016
	RMB'000
Customer A[1]	**15,327,270**
Customer B[1]	**5,650,082**
Customer C[1]	**4,796,088**
	25,773,440

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

1 Revenue from major customers comes 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:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of mobile handset components and modules	**14,875,840**	11,588,638
Assembly services income	**21,858,424**	17,697,192
	36,734,264	29,285,830
Other income and gains		
Bank interest income	**86,571**	33,446
Other interest income	**22,341**	23,920
Sale of scrap and materials	**199,456**	195,918
Compensation from suppliers and customers	**32,541**	50,693
Foreign exchange gain, net	**86,763**	121,603
Others	**46,333**	25,862
	474,005	451,442

5. GOVERNMENT GRANTS AND SUBSIDIES

	2016	2015
	RMB'000	*RMB'000*
Related to income		
Subsidies on research and development activities *(note (a))*	**10,000**	–
Subsidies on employee benefit expense *(note (b))*	**8,045**	–
Subsidies on operating expense	**–**	46,650
Others	**7,457**	1,202
	25,502	47,852

Notes:

(a) In 2016, BYD Precision, a subsidiary of the Company, received government grants with an amount of RMB10,000,000 from Shenzhen Financial Scientific and Technological Innovation Committee (深圳市科技創新委員會) as subsidies on research and development activities. Since related expenditure has been incurred, RMB10,000,000 has been fully recognised as government grant income this year.

(b) In 2016, BYD Precision, a subsidiary of the Company, received government grants with an aggregate amount of RMB8,045,000 from Bureau of Human Resources and Social Security (人力資源和社會保障局) as subsidies on employee benefit expense. Since related expenditure has been incurred, RMB8,045,000 has been fully recognised as government grant income this year.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	RMB'000	*RMB'000*
Interest on factored trade receivables	**26,953**	3,089

7. PROFIT BEFORE TAX

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

	2016	2015
	RMB'000	*RMB'000*
Cost of inventories sold	**12,651,509**	9,933,978
Cost of services provided	**21,167,430**	17,424,767
Depreciation	**1,726,743**	1,291,756
Research and development costs:		
Current year expenditure	**978,772**	722,270
Minimum lease payments under operating leases	**142,652**	123,417
Auditors' remuneration	**1,590**	1,589
Recognition of prepaid land lease payments#	**4,939**	4,929
Amortisation of intangible assets#	**8,933**	3,114
Employee benefit expense (excluding directors' and senior executive officers' remuneration)		
Wages and salaries	**4,532,724**	3,838,412
Retirement benefit scheme contributions	**244,165**	168,901
	4,776,889	4,007,313
Impairment of trade receivables##	**41,841**	6,932
Impairment losses of trade receivables reversed##	**(5,334)**	(2,005)
Impairment of inventories###	**115,196**	23,540
Loss on disposal of items of property, plant and equipment##	**37,829**	2,142
Loss on disposal of a subsidiary##	**11,558**	
Foreign exchange gain, net##	**(86,763)**	(121,603)

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

Huizhou Electronic is approved to be a high and new technology enterprise in 2015, and entitled to enjoy a reduced enterprise income tax rate of 15% from 2015 to 2017.

Xi'an Electronic operating in Mainland China are entitled to enjoy a reduced enterprise income tax rate of 15% of the estimated assessable profits for the year pursuant to the Western Development Policy. These subsidiaries need to file the relevant document to the in-charge tax bureau for record every year so as to be entitled to the reduced rate of 15%.

BYD Electronics India Private Limited 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 Romania 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:

	2016	2015
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**200,375**	158,337
Current – Elsewhere		
Charge for the year	**4,706**	-
Deferred	**(5,488)**	(30,045)
Total tax charge for the year	**199,593**	128,292

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 (2015: 2,253,204,500) in issue during the year.

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2016 and 2015 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:

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,233,491**	908,145

	Number of shares	
	2016	2015
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

	2016	2015
	RMB'000	*RMB'000*
Trade and bills receivables	**9,460,708**	7,953,752
Impairment	**(66,109)**	(47,314)
	9,394,599	7,906,438

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 minimize 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 36% (2015: 50%) and 71% (2015: 82%) 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:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**9,001,700**	7,658,330
91 to 180 days	**381,617**	220,644
181 to 360 days	**11,282**	27,464
	9,394,599	7,906,438

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:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**9,049,082**	8,131,166
91 to 180 days	**633,316**	1,103,449
181 to 360 days	**406,960**	13,291
1 to 2 years	**26,471**	15,870
Over 2 years	**2,981**	1,569
	10,118,810	9,265,345

The trade payables are non-interest-bearing and are normally settled within terms of 30 to 120 days.

12. SHARE CAPITAL

	2016	2015
	RMB'000	*RMB'000*
Shares		
Issued and fully paid:		
2,253,204,500 (2015: 2,253,204,500) ordinary shares	**4,052,228**	4,052,228

13. DIVIDENDS

An interim cash dividend of RMB0.067 per share for the six months ended 30 June 2016 amounting to approximately RMB150.965 million in aggregate was paid to the shareholders during the year (for the six months ended 30 June 2015: Nil).

The Board has resolved to declare a final dividend for the year ended 31 December 2016 of RMB0.069 per share (for the year ended 31 December 2015: Nil). The proposed final dividend is subject to consideration and approval at the Company's annual general meeting (the "AGM").

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

The Company will issue announcement, circular and notice of AGM regarding the AGM in accordance with the Listing Rules and the Articles of Association of the Company. The Company will also make separate announcement regarding the record date and date of closure of register of members for the payment of the final dividend. It is expected that the final dividend will be distributed before 31 August 2017.

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 activities resulted in economic losses.

As at the reporting date, the case remains in the process of legal proceedings. 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

During the year ended 31 December 2016 (the "Year"), the global economy carried on its profound adjustment, and the continued sluggish economic growth of advanced economies led to weak consumer demand. Though emerging economies stabilized with advancements, differentiation tendency intensified. In addition, multiple risks such as Brexit and the US presidential election intensified the uncertainties of global economic growth. As for China, though under the relatively large downward pressure of domestic economy in 2016, the Chinese economy maintained stable progress, with GDP growing at 6.7%. The central government adjusted the industrial structure and promoted industrial transformation and upgrading by focusing on pushing forward the structural reform of the supply front, so as to ensure the stability of the national economy and the quality enhancement of economic growth.

During the Year, the global smartphone shipments showed a significant slowdown in growth. The global smartphone shipments were approximately 1.47 billion units, representing a year-on-year growth of only 2.3% in 2016, according to the statistics provided by IDC, a globally recognized market research institution. Despite the slow growth of global smartphone shipments, demand for high-end smartphones maintained rapid growth, which brings a structural opportunity in our industry.

In the Chinese market, Chinese branded handset manufacturers accurately grasped users' demand by technical innovation, therefore substantially expanded its market share in the domestic high-end handset market. In addition, by actively expanding in overseas markets, overseas sales and market share of Chinese branded handsets also increased continuously. In 2016, among the top five global smartphone brands in terms of sales, three were Chinese proprietary brands, giving new impetus to development in the global market. According to data released by China Academy of Telecommunication Research, the shipments in domestic handset market were 560 million units in 2016, representing a year-on-year increase of 8.0%. Among which, the shipments of smartphones increased by 14.0% to 522 million units, representing 93.2% of the shipments of domestic handsets for the same period. While the shipments of Chinese branded handsets increased by 16.1% to 498 million units, representing 88.9% of the shipment of domestic handsets for the same period.

As to the use of materials, with consumers' higher demand for smartphone aesthetics, metallization, lightening and thinning as well as expansion of screen size have become the development trends for smartphones. Relying on excellent mechanical performance and appearance, the metal casings and metal middle frames of handsets gained more and more popularity from consumers, and gradually infiltrated from high-end handsets to mid and low-end handsets, which has further driven the market demand for such metal parts.

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 with leading technological strengths and cost competitiveness in the industry. The Company adopts an operating strategy of providing one-stop services with highly vertical integration, and provides handset manufacturers of different brands with various services such as the manufacture of handset components as well as handset design and assembly. It also provides such services as product design, components manufacturing and assembly for manufacturers of other electronic products. During the Year, the Group's turnover increased by approximately 25.43% year-on-year to approximately RMB36,734 million. Profit attributable to shareholders increased by approximately 35.83% to approximately RMB1,233 million as compared to the same period in 2015.

With continuing popularity among consumers, the penetration of metal parts in smartphones, tablet computers and other mobile intelligent terminals increased continuously. The Group's metal parts business appeared to be powerful, which brought significant growth of the Group's income and profit. During the Year, revenue generated from the Group's metal parts business increased significantly by over 50% as compared to last year. Moreover, the Group actively dedicated resources to the research and development on new materials and workmanship including glass and ceramic, in order to provide customers with diversified product offerings.

In terms of customers, the Group continued to maintain close business relationships with well-known domestic and overseas leading manufacturers of handsets. Leveraging on the long-term accumulated experiences, leading technical advantages, advanced processing procedures and cost competitiveness, during the Year, the Group successively received orders from a plurality of well-known global smartphone manufacturers to continue providing them with metal middle frames and metal casings and other handset components for their middle-end and high-end flagship models, and order quantity recorded rapid growth. In 2016, the sales of domestic leading smartphone manufacturers continued to increase, with market shares further increased, which became one of the major drivers for the Group's metal parts business.

During the Year, the assembly business of the Group achieved sound development with continuous smartphone EMS orders from the leading brands, successfully secured the ODM order of high-end notebook computers from global leading brand of games, and actively expanded customer base, so as to enable the assembly business continue to maintain a leading position in the industry.

FUTURE STRATEGY

Looking into 2017, the global economy still faces many uncertainties and risks. China's economy is still under structural adjustment, with economic growth expected to continue to slow. According to the forecast of IDC, global smartphone growth in 2017 will be higher than that of 2016. Facing slow market growth and market landscape with more intense competitiveness, it is expected that handset manufacturers of Chinese domestic brands will continue to improve their market shares through innovation and technological upgrade.

In the future, metal casings and metal middle frames will still be the mainstream trend of the industry, and the penetration rate will continue to increase. Metal parts business will continue to be the Group's major growth point of future revenue. In response, the Group will increase its investment in metal parts and grasp new trends of future development by technical innovation, in order to boost the ongoing growth of metal parts business. In view of consumers' diverse demand for the appearance of handsets, the Group will robustly expand its new businesses including glass and ceramic in the future, so as to offer a more diverse solution to customers.

The Group will continue to deepen the cooperation with existing well-known domestic and overseas manufacturers of handsets to secure more orders for metal parts business and assembly business, and to seek more diversified cooperation in smartphone industry chain. Meanwhile, the Group will continue to discuss cooperation opportunities with potential customers, expand customer resources networks and increase market shares. In terms of the assembly business, the Group will increase its market expansion efforts and grasp new trend of industrial development, and actively expand business sectors of auto electronics, unmanned planes and other consumer electronic products, with a view to cultivate new growth point for the Group's continuous development in future.

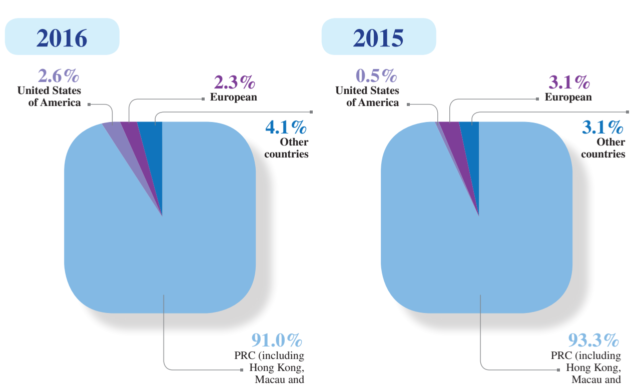
Looking to the future, BYD Electronic will remain committed to its core value positioning, grasp industrial development opportunity, accelerate its technical innovation, improve competitiveness of products, and provide customers with innovative products with cost efficiency. Meanwhile, the Group will continue to improve its capacity and leverage on its cost advantage to lay a solid foundation for its long term development and to create solid returns for its shareholders and investors.

FINANCIAL REVIEW

Turnover recorded an increase of 25.43% as compared to the previous year. Profit attributable to equity owners of the parent recorded an increase of 35.83% as compared to the previous year, mainly attributable to the growth of metal parts and assembly business.

Segmental Information

Set out below is the comparison of geographical segment information by customer location for the year ended 31 December 2015 and 2016:



Gross Profit and Margin

The Group's gross profit for the Year increased by approximately 47.10% to approximately RMB2,800 million. Gross profit margin increased from approximately 6.50% in 2015 to 7.62%. The increase in gross profit margin was mainly due to the increase in income proportion and gross profit margin of metal parts.

Liquidity and Financial Resources

During the Year, the Group recorded cash inflow from operations of approximately RMB2,954 million, compared with approximately RMB3,359 million recorded in 2015. During the Year, funds were mainly obtained from the net cash derived from the Company's operations. As of 31 December 2016 and 31 December 2015, 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 was approximately 85 days for the year ended 31 December 2016, compared with approximately 86 days for the year ended 31 December 2015. Turnover days of inventory for the year ended 31 December 2016 was approximately 41 days, compared with approximately 44 days for the year ended 31 December 2015.

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 of 31 December 2016, 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 expected need for working capital, capital expenditure, business expansion, investments and debt repayment for at least the next year.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group's policy is to maintain the gearing ratio as low as possible. Net debt includes interest-bearing bank borrowings, less cash and bank balances. Equity represents equity attributable to owners of the parent. As the Group did not have any interest-bearing bank borrowings, the gearing ratio was zero as at 31 December 2016 and 31 December 2015.

Exposure to Foreign Exchange Risk

Most of the Company's income and expenditure are settled in Renminbi and US dollars. During the Year, the Company recorded gains arising from exchange differences, which was mainly attributable to the change in exchange rate of US dollars against 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 2016, the Company had employed approximately 77,000 employees. During the Year, total staff cost accounted for approximately 13.89% 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.

In 2016, the Company has standardized a three-tier training framework for new staff members and has concretely carried out the trainings. The subjects, hours and assessment methods of the three-tier training framework are clearly stated, and safety training materials and examination questions are drafted according to the job nature of employees. New employees are required to attend the trainings and pass the examination before taking on the job.

Final dividend

The Board has resolved to declare a final dividend for the year ended 31 December 2016 which is subject to consideration and approval at the Company's AGM. Please refer to Note 13 of the financial statements included in this announcement for details of the final dividend.

Share Capital

As at 31 December 2016, 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 2016 to 31 December 2016, 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 listed securities of the Company.

Capital Commitments

As at 31 December 2016, the Company had capital commitment of approximately RMB476 million (31 December 2015: approximately RMB293 million).

Contingent Liabilities

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

ENVIRONMENTAL PROTECTION AND SOCIAL SECURITY

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

SUPPLEMENTARY INFORMATION

Corporate Governance

Corporate Governance Code (the "Code")

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

In the opinion of the Directors, the Company had complied with the applicable code provisions as set out in Appendix 14 of the Listing Rules during the Year, except for deviation from code provision A.6.7. Code provision A.6.7 stipulates that independent non-executive Directors and non-executive Directors should attend general meetings. Due to important business engagements at the relevant time, not all independent non-executive Directors and non-executive Directors attended the annual general meeting of the Company held on 6 June 2016.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 Period.

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 2017 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 2016) for recommendation to the Board for approval.

SCOPE OF WORK OF AUDITOR ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

Disclosure of Information on the Website of the Stock Exchange

This annual results announcement 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 2017

As at the date of this announcement, the executive Directors are Mr. WANG Nian-qiang and Mr. Wang Bo; 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.