

Abstract of Annual Report 2016

Mar 2017

Financial Highlights- Main Financial Data



	1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015	Changes
Revenue(RMB mn)	19,287.81	13,656.03	41.24%
Profits attributable to shareholders of The Parent Company (RMB mn)	1,651.50	1,251.14	32.00%
Net cash flow generated from operating activities (RMB mn)	2,269.22	2,409.07	-5.81%
Basic EPS(RMB)	1.08	0.82	31.71%
ROE	16.30%	14.08%	2.22%
	As at 31 Dec 2016	As at 31 Dec 2015	Changes
Total assets(RMB mn)	22,912.09	19,247.95	19.04%
Net assets attributable to shareholders of The Parent Company (RMB mn)	10,845.23	9,405.12	15.31%

- 41.24% growth in Revenue and 31% growth in profits attributable to shareholders of the company
- The considerable rise in the above mentioned revenue and profits was mainly thanks to the upgrading of electro-acoustic components by our major customers and the contribution from the significant growth in the sales volume of VR and Wearable products.

Financial Highlights – Breakdown of Main Business



	Revenue (RMB mn)	COGS (RMB mn)	Gross Profit Margin (GPM) (%)	YOY change in revenue (%)	YOY change in COGS (%)	YOY change in GPM (%)
By Product						
Electro - acoustic Components	10,938.63	8,307.10	24.06%	14.58%	16.30%	-1.12%
Electronic Accessories	7,787.18	6,219.83	20.13%	104.54%	114.63%	-3.75%
By Region						
Domestic	4,149.60	3,182.81	23.30%	29.19%	32.36%	-1.84%
Overseas	14,576.21	11,344.12	22.17%	43.73%	48.56%	-2.54%

Major Shareholders



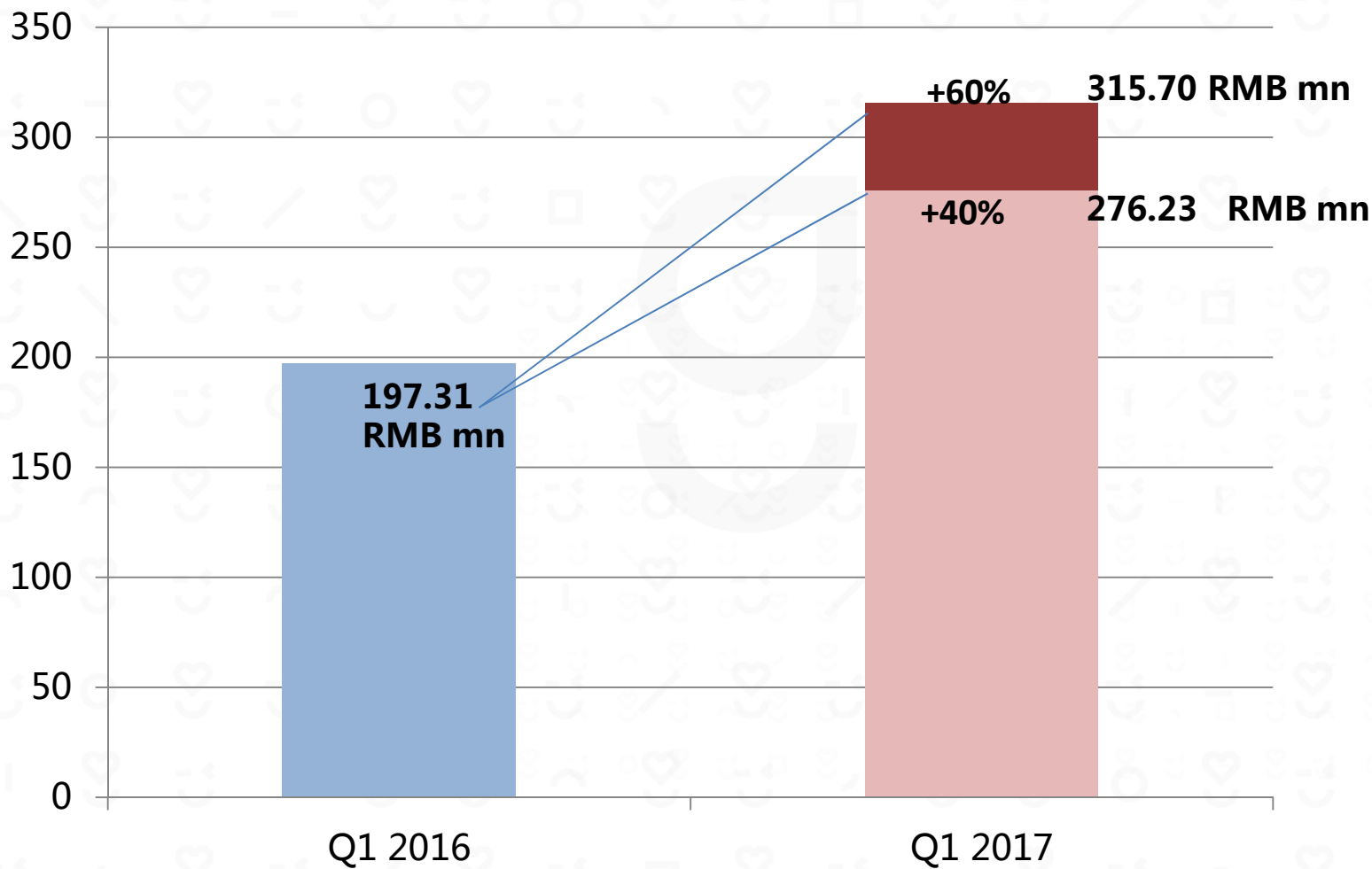
As of Dec 2016, the total number of shareholders of Goertek Inc. was 48,712.

No	Name of Shareholders	Shareholdings (%)	Number of shares hold
1	Weifang Goertek Group Co.,Ltd	25.54%	389,997,351
2	Jiang Bin	18.18%	277,550,759
3	Jiang Long	3.36%	51,295,306
4	Huatai Securities - Goertek "Home No 1" ESOP Collective Asset Management	1.94%	29,579,500
5	China Foreign Economy and Trade Trust Co., Ltd - Springs Capital	1.43%	21,850,199
6	Norges Bank	1.13%	17,266,590
7	Central Huijin Assets Management Ltd	1.03%	15,786,900
8	Ping An Trust Co., Ltd - Springs Capital	0.96%	14,652,793
9	Springs Capital (Beijing) - Springs Capital Growth Fund	0.96%	14,618,046
10	Shandong International Trust Co., Ltd - Goertek "Home No 2" ESOP Collective Fund Trust	0.85%	13,021,748

Performance Forecast for Q1 2017



Variation Range of Profits Attributable to Shareholder of Parent Company for Financial Period From Q1 2017:



1. Industry Leading Capability in Precision and Intelligent Manufacturing

- Continuously improving the machining precision and accuracy
- Realized self-manufacturing of plastic parts, metal parts, diaphragm and other core raw materials
- Precision manufacturing in the fields of Optical lens, Optical-circuit design, VR/AR, Micro-display/Micro-projection, Sensors, Mems, 3D microencapsulation, etc
- Quick and high quality mass production capacity
- Introduced expertise and integrated peripherals, realized flexible automatic production, to promote the “Smart Manufacturing”

2. Multi-technology integrated R&D platform and competent technical personnel

- Over 6000 competent R&D specialists in our R&D centres that located all over the world
- Established long-term strategic partnerships with world renowned universities and research institutions
- 7,856 patents (3,141 patents for invention) applied by 31 Dec 2016, of which 2,669 were applied in 2016

3. Continuous innovation and maintenance of key customers

- Constantly optimize the resource distribution to serve for existing quality clients
- Consolidate the core competitive advantage in our smart mobile terminal industry, and looking for new profit growth point from the strategic fields of "Hearable, Viewable, Wearable and Robotics"

4. Executive Management Team and ideally talented personnel/teams.

- Highly qualified and competent leaders that have graduated from renowned universities and from renowned companies.
- Dynamic and rich management experience in many specialty areas in order to stay with the industry trends and to avoid the risks.

- **Development trends**

- I. Artificial Intelligence, VR and AR become the important technology development trends (based on the research done by Gartner), broaden the market and provide new opportunities for our business in electro-acoustic components and electro accessories
- II. The steady growth in the Smart Phone market increasing the specification requirements of components, especially in the waterproof and stereo sound effects.
- III. Wearable devices become the fastest growing consumer electronics sector, 28.98% growth in shipment compared to year 2015
- IV. Fierce competition in retain and acquire major customers

- **Future development of business strategy**

To look for new profit growth opportunity by:

- I. Constantly improving R&D and Manufacturing capabilities, establishing the reputation of “Made by Goertek”
- II. Gradually reducing the OEM business sector, and to focus on the ODM & JDM service
- III. Layout “Hearable, Wearable, Viewable and Robotics as our four products development direction, and our future investment will concentrated on the key technology of these four products

to be continued

- **Business plan for 2017**

In this era of “Smart” , as one of the most promising companies in the fields of consumer electronics, based on the advanced technologies and channels gained from our traditional core business, we are proactively building up a smart hardware ecosystem and venturing into the fields of “Hearable, Wearable, Viewable and Robotics by:

- I. Building up efficient market-oriented operating system;
- II. Adjusting our market layout, improving efficiency in the sales and market development
- III. Strengthening profit-oriented business objective
- IV. Promoting incentive and performance management system
- V. Improving and optimizing the organization structure
- VI. Strengthening R&D capabilities in the key components

- **Capital requirements and use plan**

Keep on maintaining the good relationships with banks and other financial institutions. As a support of our business strategy development, we are planning to issue short-term financing bills in 2017.

THANKS!