SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED

舜宇光學科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2382)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

RESULT HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2014 was approximately RMB8,426.5 million, representing an increase of approximately 45.0% as compared with the corresponding period of the previous year. This was mainly benefited from the further development of smartphone market and the rapid growth of application of vehicle optical system.
- The gross profit for the financial year 2014 was approximately RMB1,289.4 million, representing an increase of approximately 33.3% as compared with the corresponding period of the previous year. The gross profit margin was approximately 15.3%.
- Profit for the year attributable to owners of the Company increased by approximately 28.5% to approximately RMB566.1 million as compared with the corresponding period of the previous year.
- Basic earnings per share increased by approximately 19.4% to approximately RMB52.91 cents when compared with the corresponding period of the previous year.
- The Board of Directors has proposed a final dividend of approximately RMB0.155 (equivalent to HK$0.190) per share.

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sunny Optical Technology (Group) Company Limited (the "**Company**") is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2014, together with the comparative figures for the corresponding period in the year 2013 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014

	NOTES	**2014** **RMB'000**	2013 *RMB'000*
Revenue	*3*	**8,426,458**	5,812,771
Cost of sales		**(7,137,040)**	(4,845,690)
Gross profit		**1,289,418**	967,081
Other income	*4(a)*	**81,226**	49,364
Other gains and losses	*4(b)*	**(11,548)**	392
Selling and distribution expenses		**(89,324)**	(87,864)
Research and development expenditure		**(392,271)**	(251,041)
Administrative expenses		**(230,722)**	(166,258)
Share of results of associates		**1,209**	(590)
Finance costs	*5*	**(13,981)**	(6,595)
Profit before tax		**634,007**	504,489
Income tax expense	*6*	**(72,739)**	(63,623)
Profit for the year	*7*	**561,268**	440,866
Other comprehensive expense			
Items that may be classified subsequent to profit or loss:			
Exchange differences arising on translation from foreign operations		**(871)**	(1,416)
Total comprehensive income for the year		**560,397**	439,450
Profit for the year attributable to:			
Owners of the Company		**566,096**	440,498
Non-controlling interests		**(4,828)**	368
		561,268	440,866
Total comprehensive income (expense) attributed to:			
Owners of the Company		**565,663**	439,561
Non-controlling interests		**(5,266)**	(111)
		560,397	439,450
Earnings per share – Basic (RMB cents)	*9*	**52.91**	44.30
– Diluted (RMB cents)	*9*	**52.43**	43.53

Consolidated Statement of Financial Position
At 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,035,159**	784,656
Prepaid lease payments		**116,223**	22,808
Intangible assets		**15**	27
Interests in associates		**62,531**	392
Deferred tax assets		**5,417**	3,745
Deposits for acquisition of property, plant and equipment		**87,613**	74,204
Available-for-sale investments		**52,279**	–
Deposits paid for acquisition of a land use right		**27,033**	–
Derivative financial assets		**3,176**	–
Other receivable		**–**	13,000
		1,389,446	898,832
CURRENT ASSETS			
Inventories		**895,693**	767,915
Trade and other receivables and prepayment	11	**2,388,469**	1,171,802
Entrusted loan receivables		**–**	20,000
Prepaid lease payments		**3,337**	642
Derivative financial assets		**5,307**	–
Financial assets designated as at fair value through profit or loss	12	**374,946**	983,000
Amounts due from related parties		**474**	270
Tax recoverable		**7,175**	–
Pledged bank deposits		**4,392**	113,750
Short term fixed deposits		**20,000**	–
Bank balances and cash		**504,600**	709,037
		4,204,393	3,766,416
CURRENT LIABILITIES			
Trade and other payables	13	**1,744,472**	1,257,179
Amounts due to related parties		**3,010**	3,044
Amount due to a non-controlling interest of a subsidiary		**–**	232
Derivative financial liabilities		**8,479**	–
Tax payable		**8,155**	21,822
Borrowings		**521,571**	488,929
Deferred income – current portion		**11,105**	10,740
		2,296,792	1,781,946
NET CURRENT ASSETS		**1,907,601**	1,984,470
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,297,047**	2,883,302

	NOTES	2014 RMB'000	2013 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**10,787**	5,595
Derivative financial liabilities		**2,905**	–
Other payable		**9,537**	–
Deferred income – non-current portion		**23,228**	17,822
		46,457	23,417
NET ASSETS		**3,250,590**	2,859,885
CAPITAL AND RESERVES			
Share capital	*14*	**105,177**	105,177
Reserves		**3,142,520**	2,744,628
Equity attributable to owners of the Company		**3,247,697**	2,849,805
Non-controlling interests		**2,893**	10,080
TOTAL EQUITY		**3,250,590**	2,859,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNT POLICIES

The Company was incorporated in the Cayman Islands on 21 September 2006 and its shares have been listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 15 June 2007.

The Company is an investment holding company. The Group is principally engaged in the business of designing, researching and developing, manufacturing and selling of optical and optical related products and scientific instruments.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial measurements that are measured at fair values.

2. APPLICATION OF NEW AND REVISED HKFRSs

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[5] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[6] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. Regarding the Group's consolidated financial statements, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost

- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments*: *Recognition and Measurement* for Entities that have not yet adopted HKFRS 9), or

- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First time Adoption of Hong Kong Financial Reporting Standards*.

The Directors anticipate that the application of HKAS 27 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. Regarding the Group's consolidated financial statements, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Annual Improvements to HKFRSs 2010-2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold to outside customers, less returns and discount, if any, during the year.

Information reported to the Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered because the management has chosen to organise the Group among different major products. No operating segments identified by chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components

2. Optoelectronic Products

3. Optical Instruments

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2014

	Optical Components *RMB'000*	**Optoelectronic Products** *RMB'000*	**Optical Instruments** *RMB'000*	**Segments' total** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
REVENUE						
External sales	**1,402,533**	**6,803,178**	**220,747**	**8,426,458**	**–**	**8,426,458**
Inter-segment sales	**189,317**	**291**	**3,137**	**192,745**	**(192,745)**	**–**
Total	**1,591,850**	**6,803,469**	**223,884**	**8,619,203**	**(192,745)**	**8,426,458**
Segment profit	**205,222**	**488,471**	**16,354**	**710,047**	**–**	**710,047**
Share of results of associates						**1,209**
Unallocated expenses						**(77,249)**
Profit before tax						**634,007**

For the year ended 31 December 2013

	Optical Components *RMB'000*	Optoelectronic Products *RMB'000*	Optical Instruments *RMB'000*	Segments' total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
REVENUE						
External sales	1,163,587	4,416,372	232,812	5,812,771	–	5,812,771
Inter-segment sales	123,222	36,872	1,802	161,896	(161,896)	–
Total	1,286,809	4,453,244	234,614	5,974,667	(161,896)	5,812,771
Segment profit	139,096	366,725	30,146	535,967	–	535,967
Share of results of associates						(590)
Unallocated expenses						(30,888)
Profit before tax						504,489

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs including Directors' salaries, other gains or losses, share of results of associates and finance costs. There were asymmetrical allocations to operating segments because the Group allocates interest income, depreciation and amortisation and loss on disposal of property, plant and equipment to each segment without allocating the related bank balances, depreciable assets and the relevant financial instruments to those segments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 December 2014

	Optical Components *RMB'000*	**Optoelectronic Products** *RMB'000*	**Optical Instruments** *RMB'000*	**Total** *RMB'000*
Assets				
Trade receivables	**332,246**	**1,145,182**	**25,875**	**1,503,303**
Bill receivables	**15,392**	**761,480**	**565**	**777,437**
Inventories	**221,719**	**641,364**	**32,610**	**895,693**
Total segment assets	**569,357**	**2,548,026**	**59,050**	**3,176,433**
Unallocated assets				**2,417,406**
Consolidated assets				**5,593,839**
Liabilities				
Trade payables	**287,208**	**841,143**	**37,849**	**1,166,200**
Note payables	**–**	**212,050**	**–**	**212,050**
Total segment liabilities	**287,208**	**1,053,193**	**37,849**	**1,378,250**
Unallocated liabilities				**964,999**
Consolidated liabilities				**2,343,249**

As at 31 December 2013

	Optical Components *RMB'000*	Optoelectronic Products *RMB'000*	Optical Instruments *RMB'000*	Total *RMB'000*
Assets				
Trade receivables	163,520	584,527	38,664	786,711
Bill receivables	37,170	259,339	1,678	298,187
Inventories	130,797	604,313	32,805	767,915
Total segment assets	331,487	1,448,179	73,147	1,852,813
Unallocated assets				2,812,435
Consolidated assets				4,665,248
Liabilities				
Trade payables	152,695	712,403	43,019	908,117
Note payables	3,649	42,626	–	46,275
Total segment liabilities	156,344	755,029	43,019	954,392
Unallocated liabilities				850,971
Consolidated liabilities				1,805,363

For the purposes of monitoring segment performances and allocating resources between segments:

- trade receivables, bill receivables and inventories are allocated to the respective operating segments. All other assets are unallocated assets, which are not regularly reported to the chief operating decision maker.
- trade payables and note payables are allocated to the respective operating segments. All other liabilities are unallocated liabilities, which are not regularly reported to the chief operating decision maker.

Other segment information

For the year ended 31 December 2014

	Optical Components *RMB'000*	Optoelectronic Products *RMB'000*	Optical Instruments *RMB'000*	Unallocated *RMB'000*	Consolidated total *RMB'000*
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation	108,586	100,911	4,366	856	214,719
Allowance for bad and doubtful debts on trade receivables	64	2,039	298	–	2,401
Gain on disposal of property, plant and equipment	(2,213)	(56)	(272)	–	(2,541)
Reversal on overprovision of repair expenses on property, plant and equipment arising from flooding accident in Yuyao City	(4,650)	–	–	–	(4,650)
Share award scheme expense	19,390	12,280	5,102	3,648	40,420
Interest income from bank and financial instruments	(21,596)	(14,394)	(4,861)	(23)	(40,874)
Interest income from entrusted loans	(3,791)	–	(5,054)	–	(8,845)
Allowance for (reversal of allowance for) inventories	6,253	(1,036)	318	–	5,535
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
Addition to property, plant and equipment	198,691	154,713	8,567	108,482	470,453

For the year ended 31 December 2013

	Optical Components *RMB'000*	Optoelectronic Products *RMB'000*	Optical Instruments *RMB'000*	Unallocated *RMB'000*	Consolidated total *RMB'000*
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation	84,618	58,189	4,529	–	147,336
Allowance for bad and doubtful debts					
– trade receivables	1,433	62	343	–	1,838
– other receivables	–	–	14	–	14
– amount due from an associate	–	3,087	–	–	3,087
(Gain) loss on disposal of property, plant and equipment	(1,881)	117	(41)	–	(1,805)
Insurance claims for flooding accident in Yuyao City	(39,060)	(26,749)	(4,605)	–	(70,414)
Written off arising from flooding accident in Yuyao City					
– Inventories	14,700	26,908	3,641	–	45,249
– Property, plant and equipment	1,947	461	121	–	2,529
Repair expenses on property, plant and equipment arising from flooding in Yuyao City	23,126	128	2,588	–	25,842
Share award scheme expense	17,528	7,008	4,412	1,895	30,843
Interest income from bank and financial instruments	(3,917)	(6,814)	(1,937)	(1,468)	(14,136)
Interest income from entrusted loans	–	–	(3,366)	–	(3,336)
Reversal of allowance for inventories	(173)	(465)	(1,258)	–	(1,896)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
Addition to property, plant and equipment	179,923	111,258	3,215	–	294,396

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products:

	2014 *RMB'000*	2013 *RMB'000*
Mobile phone related products	**6,791,172**	4,212,009
Digital camera related products	**501,143**	572,551
Optical instruments	**192,242**	184,181
Other lens sets	**511,312**	375,823
Digital video lens	**13,324**	14,971
Other spherical lens and plane products	**50,027**	35,935
Industrial endoscopes	**21,586**	8,790
Other products	**345,652**	408,511
	8,426,458	5,812,771

Geographical information

The Group's operations are located in the PRC, Korea, Japan, Singapore and the United States.

The Group's revenue from external customers based on the locations of goods physically delivered and information about its non-current assets by the geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (excluding Hong Kong) (country of domicile)	**6,973,059**	4,375,747	**1,264,434**	893,674
Hong Kong	**470,085**	533,861	**–**	–
Japan	**240,539**	310,594	**1**	3
United States	**215,886**	166,781	**109**	137
Others	**526,889**	425,788	**1,499**	881
	8,426,458	5,812,771	**1,266,043**	894,695

Information about major customer

Revenues from the following customers contributed over 10% of the total sales of the Group:

	2014	2013
	RMB'000	*RMB'000*
Customer A, revenue from Optoelectronic Products	**1,341,694**	1,009,786
Customer B, revenue from Optoelectronic Products *(Note 1)*	**1,055,972**	N/A
Customer C, revenue from Optoelectronic Products *(Note 2)*	**N/A**	651,798
	2,397,666	1,661,584

Note 1: Revenue from Customer B contributed less than 10% of total sales of the Group for the year ended 31 December 2013.

Note 2: Revenue from Customer C contributed less than 10% of total sales of the Group for the year ended 31 December 2014.

4(a) OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Interest income from short term fixed deposits	**222**	330
Interest income from pledged bank deposits	**7,659**	1,709
Interest income from financial assets designed as at FVTPL	**31,329**	10,525
Bank interest income	**1,664**	1,572
Government grants	**19,761**	25,686
Income from sales of moulds	**6,104**	1,710
Income from sales of scrap materials	**1,940**	1,500
Interest income from entrusted loans	**8,845**	3,366
Rental income and recharge of utilities	**738**	576
Others	**2,964**	2,390
Total	**81,226**	49,364

4(b) OTHER GAINS AND LOSSES

	2014	2013
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**2,541**	1,805
Net foreign exchange (losses) gains	**(16,338)**	6,732
Insurance claims for flooding accident in Yuyao City *(Note)*	**–**	70,414
Written off arising from flooding accident in Yuyao City *(Note)*		
– inventories	**–**	(45,249)
– property, plant and equipment	**–**	(2,529)
Reversal on overprovision of (provision of) repair expenses on property, plant and equipment arising from flooding accident in Yuyao City *(Note)*	**4,650**	(25,842)
Allowance for bad and doubtful debts		
– trade receivables	**(2,401)**	(1,838)
– other receivables	**–**	(14)
– amount due from an associate	**–**	(3,087)
Total	**(11,548)**	392

Note: During the year ended 31 December 2013, several subsidiaries of the Group located in Yuyao City, Zhejiang Province, the PRC, incurred damages to inventories and production facilities of handset camera modules, glass spherical lenses, handset lens sets, optical instruments and infrared related products during the typhoon and flooding accident occurred in October 2013. The Group had insurance policies in place to cover damages to inventories and property, plant and equipment incidental to the flooding. With the measures taken to minimise the impact of temporary suspension of production facilities on the Group's customers, the Group had not suffered from any material loss of purchase orders from customers. A provision of RMB25,842,000 had been included in other gains or losses in relation to repair expenses on damaged property, plant and equipment for the year ended 31 December 2013. During the current year, the Directors considered that certain property, plant and equipment was not economic beneficial for repairs and that less repair work was actually carried out. An overprovision of RMB4,650,000 was reversed in other gains and losses and the remaining balance of the payable was fully settled.

5. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interests on:		
Bank borrowings wholly repayable within five years	**13,981**	6,590
Amount due to a non-controlling interest of a subsidiary	**–**	5
	13,981	6,595

6. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**67,207**	63,280
Other jurisdictions	**181**	–
	67,388	63,280
Underprovision in prior years:		
PRC Enterprises Income Tax	**1,831**	2,409
Deferred taxation:		
Current year	**3,520**	(2,066)
	72,739	63,623

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except as described below.

Zhejiang Sunny Optics Co., Ltd., Sunny Optics (Zhongshan) Co., Ltd. and Ningbo Sunny Instruments Co., Ltd., domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2015.

Ningbo Sunny Opotech Co., Ltd. ("Sunny Opotech"), Shanghai Sunny Hengping Scientific Instrument Co., Ltd. ("Sunny Hengping"), Ningbo Sunny Automotive Opotech Co., Ltd., Suzhou Shun Xin Instruments Co., Ltd. and Ningbo Sunny Infrared Technologies Company Ltd., domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2016.

No charges to Hong Kong Profits Tax for both years have been made in the consolidated financial statements as the Group has no assessable profit arising from Hong Kong for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Deferred tax has not been provided for in the consolidated financial statements in respect of the tax effect of temporary difference attributable to the PRC undistributed earnings of the Group as at 31 December 2013 and 2014 as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The Directors plan to set as aside the undistributed profits for reinvestment purpose. If such amounts exceed the investment plan, the Group will recognise the deferred tax liabilities in respect of the withholding tax on the then undistributed profits.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**634,007**	504,489
Tax at PRC EIT tax rate of 25%	**158,502**	126,123
Tax effect of share of results of associates	**(302)**	148
Tax effect of expenses not deductible for tax purpose	**6,678**	4,925
Tax effect of income not taxable for tax purposes	**(1,543)**	(872)
Tax effect of allowance granted under share award scheme in the PRC	**(21,788)**	(18,600)
Tax effect of preferential tax rates for certain subsidiaries	**(89,150)**	(60,834)
Tax effect of tax losses not recognised	**18,731**	11,765
Utilisation of tax losses not previously recognised	**(275)**	(1,657)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**55**	216
Underprovision in prior years	**1,831**	2,409
Income tax expense for the year	**72,739**	63,623

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2014	2013
	RMB'000	*RMB'000*
Directors' emoluments	**31,410**	8,696
Other staff's salaries and allowances	**727,303**	549,049
Other staff's discretionary bonuses	**88,622**	68,865
Other staff's contribution to retirement benefit scheme	**50,428**	35,062
Other staff's share award scheme expense	**37,771**	28,706
Total staff costs	**935,534**	690,378
Auditor's remuneration	**2,817**	2,219
Depreciation of property, plant and equipment	**214,707**	147,324
Release of prepaid lease payments	**1,452**	642
Amortisation of intangible assets (included in research and development expenditure)	**12**	12
Allowance for (reversal of allowance for) inventories (included in cost of sales) *(Note)*	**5,535**	(1,896)

Note: Reversal of allowance for inventories was recognised because of subsequent usage.

8. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2013 final dividends – RMB12.10 cents (2013: 2012 final dividends – RMB10.50 cents) per share	**132,737**	105,000

Subsequent to the end of reporting period, a final dividend of HK$19.00 cents per share, equivalent to approximately RMB15.50 cents per share, amounting to a total of approximately RMB170,035,000 (2013: HK$15.40 cents per share, equivalent to approximately RMB12.10 cents per share, amounting to a total of RMB132,737,000) has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting. The final dividends proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**566,096**	440,498

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,069,823**	994,294
Effect of dilutive potential ordinary shares:		
Restricted Shares	**9,816**	17,741
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,079,639**	1,012,035

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and production equipment	Motor vehicles	Fixtures and office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2013	184,917	867,770	11,855	141,558	2,873	1,208,973
Additions	405	214,062	1,638	20,665	57,626	294,396
Transfer	20,684	28,900	36	7,658	(57,278)	–
Disposals	(40)	(44,583)	(1,086)	(2,034)	–	(47,743)
Written off *(Note)*	(208)	(18,711)	–	(268)	–	(19,187)
Exchange realignment	–	(87)	(45)	(121)	–	(253)
At 31 December 2013 and 1 January 2014	205,758	1,047,351	12,398	167,458	3,221	1,436,186
Additions	84,721	232,819	2,367	75,914	74,632	470,453
Transfer	25,850	17,399	–	1,415	(44,664)	–
Disposals	(19)	(8,435)	(2,445)	(17,673)	–	(28,572)
Exchange realignment	–	(41)	1	(123)	–	(163)
At 31 December 2014	316,310	1,289,093	12,321	226,991	33,189	1,877,904
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2013	55,454	412,657	7,308	87,494	–	562,913
Charge for the year	10,048	118,302	1,723	17,251	–	147,324
Eliminated on disposals	(17)	(39,222)	(1,015)	(1,596)	–	(41,850)
Written off *(Note)*	(181)	(16,293)	–	(184)	–	(16,658)
Exchange realignment	–	(78)	(1)	(120)	–	(199)
At 31 December 2013 and 1 January 2014	65,304	475,366	8,015	102,845	–	651,530
Charge for the year	11,622	175,166	2,096	25,823	–	214,707
Eliminated on disposals	(2)	(4,499)	(2,311)	(16,513)	–	(23,325)
Exchange realignment	–	(32)	–	(135)	–	(167)
At 31 December 2014	76,924	646,001	7,800	112,020	–	842,745
CARRYING VALUES						
At 31 December 2014	239,386	643,092	4,521	114,971	33,189	1,035,159
At 31 December 2013	140,454	571,985	4,383	64,613	3,221	784,656

Note: In October 2013, the production facilities in Yuyao City, Zhejiang Province, the PRC were suffered from severe flooding occurred. The Group had written off the damaged property, plant and equipment with carrying value of approximately RMB2,529,000 accordingly.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years or over the lease term
Machinery and production equipment	5 to 10 years
Motor vehicles	4 to 5 years
Fixtures and office equipment	3 to 10 years

The carrying value of properties shown above comprises:

	2014 RMB'000	2013 RMB'000
Buildings on land held under medium-term lease outside Hong Kong	**239,386**	140,454

As at 31 December 2014 and 2013, none of the Group's property, plant and equipment was pledged as security.

Included in the newly additions of property, plant and equipment of RMB470,453,000 is RMB18,445,000 in relation to the machineries and related accessories acquired from Konica Minolta Optical Products (Shanghai) Co., Ltd. ("OMS"), a subsidiary of Konica Minolta, Inc., an independent third party of the Group. During the current year, the Group had entered into various agreements with OMS so as to allow the Group benefits from OMS's strong capabilities and extensive experience in production and manufacturing of the lens sets of mobile phone, smartphone, paid terminal and other portable data terminals. Furthermore, the Group acquired several buildings and construction in progress properties amounting to RMB106,320,000 through the acquisition of Sunny Group Limited. The construction in progress properties acquired through the acquisition of Sunny Group Limited are all transferred to buildings as of 31 December 2014.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	2014 RMB'000	2013 RMB'000
Current assets		
Trade receivables	**1,509,256**	790,263
Less: allowance for doubtful debts	**(5,953)**	(3,552)
	1,503,303	786,711
Bill receivables	**777,437**	298,187
Other receivables and prepayment		
Value added tax and other tax receivables	**12,995**	22,112
Individual income tax receivable from employees	**24,145**	21,463
Advance to suppliers	**23,214**	14,186
Interest receivables	**4,831**	1,338
Prepaid expenses	**20,728**	11,348
Others	**21,816**	16,457
	107,729	86,904
Total trade and other receivables and prepayment	**2,388,469**	1,171,802
Non-current asset		
Other receivable		
Advance to Yuyao City Government *(Note)*	**–**	13,000
Deposits paid for acquisition of a land use right *(Note)*	**27,033**	–

Note: During the year ended 31 December 2012, Sunny Opotech, a subsidiary of the Group, advanced funds of RMB13,000,000 to the Yuyao City Government for land development expenditure cost to be incurred for the demolition and resettlement work. The advance is unsecured, non-interest bearing and is repayable when the piece of land was put into public auction. During the current year, the Group was successful in acquiring the land use right at the public auction at a cash consideration of RMB27,033,000 which has been paid by the Group and disclosed as the deposit paid for acquisition of a land use right in the consolidated statement of financial position as at 31 December 2014. The advance of RMB13,000,000 is refunded by the Yuyao City Government during the current year. The management expected that the land use right will be obtained during the year ended 31 December 2015.

The Group allows a credit period from 60 to 90 days to its trade customers and 90 to 180 days for bill receivables. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**1,472,709**	775,192
91 to 180 days	**28,518**	10,239
Over 180 days	**2,076**	1,280
	1,503,303	786,711

Ageing of bill receivables at the end of reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**694,421**	272,368
91 to 180 days	**83,016**	25,819
	777,437	298,187

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year. 98% (2013: 99%) of the trade receivables that are neither past due nor impaired have the best credit attributes assessed by the Group.

The Group has made specific allowance for certain receivables which are past due but with ageing less than 365 days based on an evaluation of the collectability of each receivable and provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

After assessment of impairment on individual balances, included in the Group's trade receivables are debtors with an aggregate carrying amount of RMB30,594,000 (2013: RMB11,519,000) which are past due at the end of the reporting period but not considered impaired. The Group does not hold any collateral over these balances. The average age of these receivables is as follow.

Ageing of trade receivables which are past due but not impaired

	2014	2013
	RMB'000	*RMB'000*
91 to 180 days	**28,518**	10,239
Over 180 days	**2,076**	1,280
Total	**30,594**	11,519

Movement in the allowance for doubtful debts

	2014	2013
	RMB'000	*RMB'000*
Balance at beginning of the reporting period	**3,552**	1,714
Impairment losses recognised on receivables	**7,757**	4,830
Impairment losses reversed	**(5,356)**	(2,992)
Balance at end of the reporting period	**5,953**	3,552

Included in the allowance for doubtful debts made for the year are individually impaired trade receivables with a balance of RMB5,953,000 (2013: RMB3,552,000) which might be in financial difficulties. The Group does not hold any collateral over these balances.

12. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

During the current year, the Group entered into several contracts of structured deposits with banks. The structured deposits contain embedded derivatives which were not closely related to the host contracts. The entire combined contracts have been designated as at financial assets at FVTPL on initial recognition. Except for the principal of RMB25,000,000 (2013: RMB565,000,000) which was guaranteed by the relevant banks, the remaining principal of RMB349,946,000 (2013: 418,000,000) was not guaranteed by the relevant banks. The return of the structured deposits was not guaranteed and was determined by reference to the performance of certain government debt instruments and treasury notes and the expected return rate stated in the contracts ranges from 2.25% to 6.20% (2013: 2.39% to 6.30%) per annum.

In the opinion of the Directors, the fair value of the structured deposits at 31 December 2014 approximated their principal amounts, and the fair value of the embedded derivatives is insignificant. At the date the consolidated financial statements are authorised for issue, structured deposits amounting to approximately RMB213,981,000 (2013: RMB773,000,000) have been matured after the reporting period ended 31 December 2014 at their principal amounts together with returns which approximated the expected return. The remaining principal amounts together with the expected returns will be received by the Group when the structured deposits mature during the year ended 31 December 2015.

13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and note payables presented based on the invoice date at the end of reporting period.

	2014 *RMB'000*	2013 *RMB'000*
Current Liabilities		
Trade payables		
Within 90 days	**1,000,589**	713,303
91 to 180 days	**74,127**	82,913
Over 180 days	**5,676**	11,929
Accrued purchases	**85,808**	99,972
Total trade payables	**1,166,200**	908,117
Note payables		
Within 90 days	**212,050**	20,822
91 to 180 days	**–**	25,453
	212,050	46,275
Payables for purchase of property, plant and equipment	**40,381**	32,104
Payable for acquisition of assets *(Note 3)*	**4,233**	–
Staff salaries and welfare payables	**168,714**	133,984
Advance from customers	**16,635**	10,048
Value added tax payables and other tax payables	**87,727**	51,943
Technology grant payables *(Note 1)*	**1,670**	8,606
Commission payables	**18,193**	24,779
Payables for repair of property, plant and equipment *(Note 2)*	**–**	24,529
Accrued research and development expenses	**14,838**	–
Others	**13,831**	16,794
	366,222	302,787
	1,744,472	1,257,179
Non-current liability		
Other payable		
Payable for acquisition of assets *(Note 3)*	**9,537**	–

Note 1: Sunny Hengping, a subsidiary of the Company, cooperated with several business partners to perform development and research projects on hi-tech products. The technology grant payables represent the government grants received on behalf of other business parties.

Note 2: During the year ended 31 December 2013, the Group made a provision of RMB25,842,000 in relation to the repair expenses on damaged property, plant and equipment due to typhoon and flooding accident occurred in October 2013.

Note 3: The balance represents the unpaid cash consideration for the acquisition of assets from OMS (Note 10) which were unsecured and interest free. According to the relevant agreements, the Group is required to settle the purchase consideration in 5 yearly instalments, with the last payment in 2018.

The average credit period on purchases of goods is 90 days (2013: 90 days) and the credit period for note payables is 90 days to 180 days (2013: 90 days to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

14. SHARE CAPITAL

	Number of shares	Amount *HK$'000*	Equivalent to *RMB'000*
Authorised:			
Ordinary shares of HK$0.10 each at 1 January 2013, 31 December 2013 and 31 December 2014	100,000,000,000	10,000,000	
Issued & fully paid:			
Ordinary shares of HK$0.10 each at 1 January 2013	1,000,000,000	100,000	97,520
Issued of new shares *(Note)*	97,000,000	9,700	7,657
At 31 December 2013 and 2014	1,097,000,000	109,700	105,177

Note: On 7 October 2013, the Company, a controlling shareholder and the placing agent entered into a placing and subscription agreement, in which, the controlling shareholder agreed to sell 97,000,000 ordinary shares of HK$0.10 each and sold at a price of HK$8.06 (equivalent to RMB6.36) each to several third party placees. The Company then issued additional 97,000,000 ordinary shares of HK$0.10 each and sold at a price of HK$8.06 (equivalent to RMB6.36) each to the controlling shareholder and the new shares rank pari passu with the existing shares in all respects. The proceeds from the subscription were used to optimise production capacity expansion, future development and general working capital of the Company.

15. EVENT AFTER THE REPORTING PERIOD

After the end of reporting period, the Directors proposed a final dividend. Further details are disclosed in Note 8.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in this Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an 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 Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back at 2014, the overall global economic growth was sluggish, resulting in an uneven recovery process. While affected by the factors such as weak external demand and declining domestic demand, the growth of China's economy continued to slow down with increasing downward pressure. Meanwhile, the PRC government adopted a series of measures to stabilise its macroeconomic growth and optimise its economic structure. Against the unfavourable macroeconomic environment, the global consumer electronic market has still achieved stable growth. Among the global consumer electronic market, the smartphone market in the PRC performed the best and became the main driving force promoting the overall growth of the industry. Besides, the vehicle imaging field grew rapidly with strong momentum due to blooming market demand. Being the leading handset lens sets and handset camera module provider in China and the largest vehicle lens sets supplier in the world, the Group has benefited from the growth.

According to the latest report by TrendForce, a market research institution, the global shipment volume of smartphones in 2014 reached 1,167 million units, representing an increase of 25.9% as compared with 2013, of which the shipment volume of China's smartphones was 453.4 million units in total, contributing to 40% of the global market share. In the meantime, with a view to standing out in the fierce market competition, higher resolution of the front and rear-view cameras of the handset were required by major handset makers and complicated specifications such as wide angle, large aperture and optical image stabilization ("OIS") were equipped to obtain better imaging quality. According to the report of Techno Systems Research Co., Ltd. ("TSR") published in December 2014, the proportion of the shipment volume of 10-mega pixel and above handset camera modules among rear-view camera modules of global smartphones was expected to increase from 9% in 2013 to 19% in 2014. The Group actively devoted resources to increasing the proportion of sales of high-resolution products to improve its product structure, thus enhancing its competitiveness and profitability.

According to the report of TSR published in 2014, the global shipment volume of vehicle lens sets was 47.7 million units in 2014, representing an increase of 33.0% as compared with 2013. Moreover, vehicle original equipment manufacturers ("OEM") are very confident about the prospect of active safety system and intelligent drive, together with the rapid growth of advanced driver assistant system ("ADAS"). As a result, the number of cameras installed in new vehicles will increase continuously, and their specifications will be more complicated. The Group is one of the few producers of high-quality and multi-specification vehicle lens sets worldwide, and ranks first in terms of global market share. Our market share increases year by year with promising development momentum.

During the previous year, the Group's core business developed well with the satisfying growth of Optical Components and Optoelectronic Products business segments. The achievement revealed the Group's efforts in pursuing the three major objectives of high technology, high efficiency and high value, further implementing the development strategies of "Dedicated to and Focused on Existing Advantageous Businesses" and "Speeding Up the Implementation of Transformation and Upgrade", integrating external resources actively and strengthening the overall competitiveness of its existing businesses. Moreover, the Company laid a solid foundation for the medium to long term development of the Group by devoting more resources, adhering to research and development of products and technologies with innovations, strengthening cooperation with international hi-tech companies, making active deployment in new technologies and emerging industries and expanding its markets.

The Group's revenues increased by approximately 45.0% during the financial year 2014 to approximately RMB8,426.5 million. Profit for the year attributable to owners of the Company increased by approximately 28.5% to approximately RMB566.1 million, while basic earnings per share increased by approximately 19.4% to approximately RMB52.91 cents. The Board has proposed a final dividend of approximately RMB0.155 (2013: approximately RMB0.121) per share.

In 2014, the Group implemented the strategy of "Transformation and Upgrade", continued to invest in research and development and new technologies, and had been mindful about improving the standard of its corporate governance and management. With the collaboration of our staff, the Group received numerous accreditations, which revealed that the Group's products, services, technical capacity, production capacity and management capacity were highly recognised in the industries and by our customers. Being encouraged by the awards and honours received, the Group would strive to provide our customers with better products and services, and would carry on the strategy of "Transformation and Upgrade" with determination.

OUTLOOK AND FUTURE STRATEGIES

In 2015, the global macroeconomic environment will be more complex and volatile. The growth of the economy of the PRC will be slower which is anticipated to drop from rapidly to moderately. In addition, the growth of smartphone market in China will slow down leading to a fiercer competition in the industry. But the good news is that the major branded customers are putting increasing efforts in the development of digital and intelligent images to demonstrate the technology level in their end products, so as to gain market shares. The future development prospect of the Group, being an optical expert focusing on optics and optoelectronic related fields for 30 years, is huge.

Looking ahead, the Group will continue to implement its "Speeding Up the Implementation of Transformation and Upgrade" strategy and persist in its strategy of "Mingpeijiao" (名配角), with the objective of building the Group as one of the world's most prestigious optoelectronic enterprises. The Group will transform from an optical products manufacturer to a smart optical systems solution provider, and from an instrument manufacturer to a system integrator. The Group will continue its endless exploration and pursuit of the optical field, integrate internal and external resources, and give full play to its advantages, with a view to achieving the corporate vision of a "Hundred Years Old Brand" ultimately.

During the year under review, upholding the mission of ensuring sustainable growth of the Group, the management team strived to make progress with innovation. All businesses of the Group have achieved sound development. Looking into 2015, uncertainties will remain in the economy of the world and the PRC, but the Group is optimistic about its future operation. In the view of the Directors, 2015 is a year with both challenges and opportunities. The Group's management will closely monitor the development in the markets and the industries, accelerate its business transformation and upgrade, continue to implement its development strategies and lead the Group to maintain the sound development momentum in 2015.

1. **Continue in-depth exploration and dedicate to and focus on existing business strengths**

The Group will utilise its business strengths and will continue to increase the proportion of sales of high-end handset lens sets and handset camera modules, and to increase the market share of these products, vehicle lens sets and microscopic instruments. Meanwhile, the Group will strengthen the market functions and enhance its market penetration power through its subsidiary in the United States. The Group will further implement "Lean Production", and improve its production management process with an aim to further enhancing its management and controlling abilities of production processing. The Group will also continue to keep the industrial transfer strategy to ensure more stable production of the new production base in Xinyang, and to facilitate the medium to long term strategic layout of the Group.

2. **Achieve breakthrough in emerging businesses and realise a balanced development**

In future, the Group will continue to focus on a balanced development of various business segments, aiming to increase the sales of relevant products through further expansion and optimisations of its sales channels of existing emerging businesses. In 2015, the Group is expected to achieve breakthroughs in security surveillance lens sets and new optical instruments. At the same time, the Group will continue to explore new optical applications, especially the innovative optical applications on mobile devices. The Group will identify key emerging businesses to realise its sustainable medium to long term development.

3. **Continue to enhance management performance and facilitate management innovation**

The Group will strengthen its managerial function, improve its performance evaluation system, enhance its financial management capability, further promote technological innovation by focusing on "Automation", and innovate its corporate culture and management style. These will help the Group adjust and fully utilise its resources, so as to achieve a more flexible management innovation.

In the coming years, the Group will continue to provide the global top tier technology companies with more products and services by leveraging on the sound industrial growing trends and excellent position in the market as optical experts, maintaining innovation and upholding the "Mingpeijiao" (名配角) strategy, thereby achieving corporate growth and value enhancement to create returns for the shareholders continuously.

FINANCIAL REVIEW

Revenue

As of 31 December 2014, the Group's revenue was approximately RMB8,426.5 million, representing an increase of approximately 45.0% or approximately RMB2,613.7 million as compared with the corresponding period of last year. The increase in revenue was mainly benefited from the further development of smartphone market and the rapid growth of application of vehicle optical system.

Revenue generated from the Optical Components business segment increased by approximately 20.5% to approximately RMB1,402.5 million as compared with the corresponding period of last year. The increase was mainly due to the substantial rise in shipment volume and the increase in average selling price of handset lens sets resulted from the improvement in product mix and continuous growth in the shipment volume of vehicle lens sets.

Revenue generated from the Optoelectronic Products business segment increased by approximately 54.0% to approximately RMB6,803.2 million as compared with the corresponding period of last year. The increase in revenue was mainly attributable to the remarkable rise in its shipment volume and the rise in average selling price due to the improvement in product mix of handset camera modules business.

Revenue generated from the Optical Instruments business segment slightly decreased by approximately 5.2% to approximately RMB220.8 million as compared with the corresponding period of last year. The decrease in revenue was mainly attributable to the decrease in domestic and overseas demand for optical instruments.

Gross Profit and Margin

The gross profit for the financial year 2014 was approximately RMB1,289.4 million, which was approximately 33.3% higher than that of last year, and the gross profit margin was approximately 15.3% (2013: approximately 16.6%). The decrease in gross profit margin was mainly attributable to the dilution effect arising from the rapid growth in sale of Optoelectronic Products business segment which has a lower gross profit margin as compared with the general gross profit margin of the Group. The gross profit margins of Optical Components business segment, Optoelectronic Products business segment and Optical Instruments business segment were approximately 26.7%, 11.5% and 36.8% respectively (2013: approximately 24.6%, 12.6% and 37.3%, respectively).

Selling and Distribution Expenses

For the year ended 31 December 2014, selling and distribution expenses slightly increased by approximately 1.7% or approximately RMB1.5 million to approximately RMB89.3 million during the year under review, accounting for approximately 1.1% of the Group's revenue, as compared with approximately 1.5% for last year. The increase was primarily attributable to the increase in costs of selling, marketing and distribution personnel resulted from the growth in sales activities.

Research and Development ("R&D") Expenditure

R&D expenditure increased from approximately RMB251.0 million for the year ended 31 December 2013 to approximately RMB392.3 million for the year of 2014. It accounted for approximately 4.7% of the Group's revenue during the year under review, as compared with approximately 4.3% for last year. The increase was attributable to the continuous investment in R&D activities and business development, and the increase in the headcount and salaries of R&D experts and engineers of the Group. The R&D expenditure was mainly used in the R&D of high-end handset lens sets and handset camera modules, innovative optoelectronic modules for mobile devices, vehicle lens sets, infrared products, security surveillance systems products, mid- to high-end new optical instruments and the upgrade of existing product categories.

Administrative Expenses

Administrative expenses, which represented approximately 2.7% of the Group's revenue during the year under review and approximately 2.9% for last year, increased from approximately RMB166.3 million for the year ended 31 December 2013 to approximately RMB230.7 million for the year of 2014, representing an increase of approximately 38.8%. The increase in expenses was mainly attributable to the increase in the headcount of administrative staff, the increase in remuneration, the grant of certain restricted shares and the corresponding increase of relevant fringe benefits.

Income Tax Expense

Income tax expense increased from approximately RMB63.6 million for the year ended 31 December 2013 to approximately RMB72.7 million for the year of 2014. The increase was mainly attributable to the growth in earnings. The Group's actual effective tax rate was approximately 11.5% during the year under review and approximately 12.6% for last year.

In order to keep the effective tax rate steady in the future, several subsidiaries of the Group have successfully applied for the status of Hi-Tech Enterprises. The current income tax rate applicable to Hi-Tech enterprises is 15.0% according to the national policy in the PRC.

Profit for the Year and Margin

Profit for the year increased by approximately 27.3% from approximately RMB440.9 million for the year ended 31 December 2013 to approximately RMB561.3 million for the year of 2014. The increase in net profit was mainly attributable to the increase in gross profit and effective control in operating expenses. The net profit margin was approximately 6.7%, compared with approximately 7.6% for last year.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company amounted to approximately RMB566.1 million, representing an increase of approximately RMB125.6 million or approximately 28.5% as compared with approximately RMB440.5 million for last year.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarises the Group's cash flows for the years ended 31 December 2014 and 31 December 2013:

	For the year ended 31 December	
	2014	2013
	RMB million	*RMB million*
Net cash (used in) from operating activities	**(182.9)**	667.8
Net cash from (used in) investing activities	**169.4**	(1,039.1)
Net cash (used in) from financing activities	**(190.1)**	837.5

The Group derives its working capital mainly from cash on hand, net cash generated from investing activities. The Board expects that the Group will rely on net cash from operating activities in the short run to meet the demand of working capital and other capital expenditure requirements. In the long run, the Group will be funded by net cash from operating activities and, if necessary, by additional bank borrowings or equity financing . There were no material changes in the funding and financial policy of the Group.

The Group's balance of cash and cash equivalents was approximately RMB504.6 million as of 31 December 2014, representing a decrease of approximately RMB204.4 million when compared to the balance of last year.

Proceeds Brought Forward From Previous Fund Raising

On 23 September 2013, the Company, a controlling shareholder of the Company and a placing agent entered into a top-up placing and subscription agreement pursuant to which (i) the placing agent has agreed to act as agent for the controlling shareholder to place 97,000,000 shares of the Company (the "Share(s)") under the placing (the "Placing") at a price of HK$8.06 per Share (the "Placing Price"). The Placing Price represents (i) a discount of approximately 4.39% to the closing price of HK$8.43 per Share as quoted on the Stock Exchange on the date of the Placing and (ii) a net Placing Price of HK$7.94 per Share after deduction of relevant expenses incurred. The Placing raised an aggregate net proceeds of approximately HK$770.0 million (equivalent to approximately RMB608.0 million) (the "Net Proceeds").

During the the period from 1 October 2013 to 31 December 2014, the Net Proceeds from the Placing were utilised and applied as follows:

Usage	Approximate amount of the Net Proceeds *(RMB million)*
To expand production capacity for:	
Handset lens sets	125.9
Handset camera modules	201.3
Vehicle lens sets	123.0
To meet general working capital requirement	157.8
Total	608.0

Up to 31 December 2014, the Net Proceeds had been fully utilised for the optimisation of production capacity expansion, development and general working capital of the Company.

Operating Activities

Cash inflow from operating activities was mainly generated from cash receipt from sales of the Group's products. Cash outflow from operating activities was mainly due to the purchases of raw materials, staff costs, selling and distribution expenses, R&D expenditure and administrative expenses. Net cash generated from operating activities was approximately RMB667.8 million for the financial year ended 2013 and net cash used in operating activities was approximately RMB182.9 million for the financial year ended 2014. The net cash used in operating activities was mainly attributable to early collection of partial trade receivables in the year of 2013 and an increase in working capital requirement from the revenue growth.

The trade receivable turnover days (balance of trade receivables/revenue × 365 days) increased from approximately 49 days for the financial year of 2013 to approximately 65 days for the financial year of 2014. The increase in the trade receivable turnover days was mainly due to the early collection of partial trade receivables by the end of the year of 2013.

The trade payable turnover days (balance of trade payables including accrued purchases/cost of sales × 365 days) decreased from approximately 68 days for the financial year of 2013 to approximately 60 days for the financial year of 2014. The general credit terms granted by suppliers were normally ranged from 60-90 days. The decline in trade payable turnover days was primarily due to the Group's improved control on the procurement of raw materials, which reduced the average inventory level.

The inventory turnover days (balance of inventories/cost of sales ×365 days) reduced from approximately 58 days for the financial year of 2013 to approximately 46 days for the financial year of 2014. The decrease in inventory turnover days was mainly because the Group has improved the control on inventories, which was more careful on the selection of storage of inventories and tried to keep inventory level as low as possible.

Investing Activities

The Group recorded a net cash inflow from investing activities of approximately RMB169.4 million for the financial year of 2014, which was mainly attributable to release of and purchases of financial assets designated as at fair value through profit or loss of approximately RMB10,550.6 million and approximately RMB9,776.7 million during the year respectively.

Financing Activities

The Group recorded a net cash outflow from financing activities of approximately RMB190.1 million for the financial year of 2014. The inflow mainly came from new bank borrowings raised of approximately RMB910.1 million. Major outflows were the repayment of borrowings of approximately RMB877.4 million, purchases of shares as unvested shares under the share award scheme of approximately RMB79.5 million and dividends paid to shareholders of approximately RMB132.7 million as declared last year.

Capital Expenditure

For the year ended 31 December 2014, the Group's capital expenditure amounted to approximately RMB369.5 million, which was mainly used for the purchases of plant and equipment and other tangible assets. All of the capital expenditure was financed by internal resources, bank borrowings and net proceeds from placement.

CAPITAL STRUCTURE

Indebtedness

Borrowings

Bank loans of the Group as of 31 December 2014 amounted to approximately RMB521.6 million (2013: approximately RMB488.9 million). Pledged bank deposit of the Group amounted to approximately RMB4.4 million (2013: RMB113.8 million) was arranged in the year under review.

As of 31 December 2014, all bank loans was denominated in U.S. Dollars. The gearing ratio of the Group by reference to the total debt to total book capitalization ratio (total book capitalization means the sum of total liabilities and shareholders' equity) was approximately 9.3%, reflecting that the Group's financial position was at a sound level.

Bank facilities

As of 31 December 2014, the Group had bank facilities of RMB545.0 million with Yuyao Branch of Agricultural Bank of China, USD25.0 million with Yuyao Branch of Ningbo Bank, USD22.0 million with BNP Paribas Hong Kong Branch, USD50.0 million with BNP Paribas (China) Limited, USD38.0 million with Oversea-Chinese Banking Corporation Limited, Hong Kong Branch, USD21.0 million with the Hongkong and Shanghai Banking Corporation Limited, USD15.0 million with Yuyao Branch of Bank of Communication and RMB80.0 million with Ningbo Branch of Huaxia Bank.

Debt securities

As of 31 December 2014, the Group did not have any debt securities.

Contingent liabilities

As of 31 December 2014, the Group did not have any material contingent liabilities or guarantees.

PLEDGE OF ASSETS

The Group did not have any pledge or charge on assets as of 31 December 2014, except for the pledged bank deposits of approximately RMB4.4 million.

Commitments

As of 31 December 2014, the future aggregate minimum lease payments under non-cancellable operating leases in respect of premises amounted to approximately RMB121.1 million (2013: approximately RMB88.7 million).

As of 31 December 2014, the capital expenditure of the Group in respect of acquisition of plant and equipment contracted for but not provided in the consolidated financial statements amounted to approximately RMB64.7 million (2013: approximately RMB48.4 million).

As of 31 December 2014, the Group had no other capital commitments save as disclosed above.

PERFORMANCE OF INVESTMENTS MADE AND FUTURE INVESTMENTS

The Group's investing activities mainly include the purchases of machinery and equipment. For the year ended 31 December 2014, the Group's investments amounted to approximately RMB369.5 million, mainly involving in the purchases of machinery and equipment, as well as the initial production settings of new products and the necessary equipment configurations of new projects. These investments enhanced the capabilities of the Group's R&D and production efficiency, thereby enlarging the market share of existing products and penetrating into new markets, and thus expanded the revenue sources.

The Group adopts prudent financial policies, and therefore its investment projects are mostly capital-protected with fixed income. We can guarantee stable and healthy financial positions while improving our returns.

On 15 August 2014, a conditional agreement was entered into between 25 registered holders of the entire equity interests in Sunny Group Limited ("Sunny Nominees") and the Group pursuant to which Sunny Nominees, acting on behalf of the employees or ex-employees of Sunny Group Limited or its subsidiaries having beneficial interests in the registered capital of Sunny Group Limited as at 15 August 2014, had agreed to sell the entire equity interests in Sunny Group Limited to the Group at a consideration of approximately RMB351.4 million in cash (the "Acquisition"). Sunny Group Limited is principally engaged in investment holding and property leasing. The Acquisition constituted a discloseable and connected transaction under the Listing Rules and was approved by the independent shareholders on 22 September 2014. Upon completion of the Acquisition as at 26 September 2014, the Group owns 100% of the equity interest of Sunny Group Limited. For details of the Acquisition, please refer to the circular of the Company dated 31 August 2014.

Going forward, the Group intends to continue to invest in and expand its production capacity in order to enhance competitiveness.

OFF-BALANCE SHEET TRANSACTIONS AND CONTINGENT LIABILITIES

As of 31 December 2014, the Group did not enter into any material off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

The Group is exposed to interest rate risks on its bank borrowings for working capital and capital expenditures that are associated with the expansion of the Group and for other uses. Upward fluctuations in interest rates increase the costs of both existing and new debts. For the year ended 31 December 2014, the effective interest rate on fixed-rate bank loans was approximately 2.02% per annum. The Group had not entered into any type of interest rate agreements or derivative transactions to hedge against the fluctuations in interest rates.

Foreign Exchange Rate Fluctuation Risk

The Group exports a portion of its products to and makes purchases from international markets where transactions are denominated in U.S. dollars or other foreign currencies. To reduce the risk, the Group has entered into certain foreign exchange trading instruments to reduce its currency risk.

Credit Risk

The Group's financial assets include derivative financial assets, bank balances and cash, pledged bank deposits, short term fixed deposits, financial assets designated as at fair value through profit or loss, trade and other receivables, entrusted loan receivables and amounts due from related parties, which represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk in relation to trade receivables, the management has delegated a team which is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Therefore, the Directors consider that the Group's credit risk is significantly reduced. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the management based on prior experience, their assessment of the current economic environment and the discounted cash flows to be received in future.

The Group has no significant concentration of credit risk since its trade receivables are dispersed to a large number of counterparties and customers. The credit risk on liquidity is limited because majority of the counterparties are banks with high credit-ratings as rated by international credit-rating agencies.

Cash Flow Interest Rate Risk

The Group's cash flow interest rate risk relates primarily to variable rates applicable to short-term bank deposits. Therefore, any future variations in interest rates will not have any significant impact on the results of the Group.

Liquidity Risk

The Group manages liquidity risk by maintaining adequate level of cash and cash equivalents through continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

EMPLOYEE AND REMUNERATION POLICY

The Group had a total of 14,765 dedicated full-time employees as of 31 December 2014, including 2,190 management and administrative staff, 12,249 production workers and 326 operation supporting staff. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain elite employees, including salaries, medical insurance, discretionary bonuses, other fringe benefits as well as mandatory provident fund scheme for employees in Hong Kong and state-managed retirement benefit scheme for employees in the PRC.

The Group has also adopted a share option scheme and a restricted share award scheme, for the purposes of providing incentives and rewards to eligible participants to recognise their contribution to the Group and enhancing their ownership spirits. For the year ended 31 December 2014, no share option was granted or agreed to be granted by the Company under the share option scheme. In addition, during the year ended 31 December 2014, an aggregate of 10,952,000 shares were granted to eligible participants in accordance with the restricted share award scheme.

DIVIDENDS

The Directors proposed a payment from the distributable reserves of the Company a final dividend of approximately RMB0.155 (equivalent to HK$0.190) per share in respect of the year ended 31 December 2014 to the shareholders whose names appear on the register of members of the Company at the close of business on 20 May 2015. The final dividends, payable on 10 June 2015, are subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting ("AGM") to be held on 15 May 2015.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the eligibility of shareholders to attend the AGM, which is to be held on 15 May 2015, the register of members of the Company will be closed from 12 May 2015 to 15 May 2015, both days inclusive, during which no transfer of shares will be registered. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on 11 May 2015.

In order to determine the eligibility of shareholders to the dividends, the register of members of the Company will be closed from 21 May 2015 to 27 May 2015, both days inclusive, during which no transfer of shares will be registered. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on 20 May 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable Companies Law of the Cayman Islands and the Articles of the Association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. There was no purchase, sale, redemption or writing-off by the Company or any of its subsidiaries with the exception of purchases by the trustee of the restricted share award scheme, of the Company's listed shares during the year ended as of 31 December 2014.

CORPORATE GOVERNANCE

Corporate Governance Practices

Throughout the year ended 31 December 2014, the Company complied with all code provisions and adopted most of the recommended best practices of the Code on Corporate Governance Practices ("Corporate Governance Code") (applicable to financial reports covering the period after 1 April 2012) contained in Appendix 14 to Listing Rules. The Corporate Governance Code adopted by the Company will be set out in the corporate governance report in the annual report for the year ended 31 December 2014.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, and after having made specific enquiry with regard to securities transactions by the Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code regarding Directors' securities transactions throughout the year ended 31 December 2014.

REVIEW OF FINANCIAL STATEMENTS

The Company has established the audit committee with written terms of reference. The Group's audited final results for the year ended 31 December 2014 were reviewed by all of the members of the audit committee of the Board namely, Mr. Zhang Yuqing, Dr. Liu Xu and Mr. Chu Peng Fei Richard (all are independent non-executive Directors).

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Group is committed to creating two-way channels of communication between senior management and investors, maintaining close relations with all its shareholders through a variety of channels and promoting understanding and exchange between investors and us. The Company has adopted a shareholders' communication policy to formalise and facilitate the effective and healthy communication between the Company and the shareholders and other stakeholders, which is available on the website of the Group (http://www.sunnyoptical.com). Our main communication channels with the shareholders include investors' meetings, general meetings, annual reports, interim reports, announcements and circulars, constitutional documents and the Group's website.

Investor Contact and Inquiries

The Group has a dedicated team to maintain contact with investors and handles shareholders' inquiries to the Board. Should investors have any inquiries, please contact the Group's investor relationship department (Tel: +86-574-6253 8091; +852-3568 7038; email: ir@sunnyoptical.com).

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.sunnyoptical.com). The annual report of the Company for the year ended 31 December 2014 will be despatched to shareholders of the Company and will be published on the same websites in due course.

APPRECIATION

The Group would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, and they are the key factors for the Group to continue its success in future. Also, the Group wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. The Group will continue to deliver sustainable business development, so as to meet its business objectives for 2015 and realise higher values for its shareholders and other stakeholders.

By order of the Board
Sunny Optical Technology (Group) Company Limited
Ye Liaoning
Chairman and Executive Director

Hong Kong, 9 March 2015

As at the date of this announcement, the Board comprises of Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie, who are executive directors, and Mr. Wang Wenjian, who is non-executive director, and Dr. Liu Xu, Mr. Zhang Yuqing and Mr. Chu Peng Fei Richard, who are independent non-executive directors.