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 2015

RESULT HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2015 was approximately RMB10,696.2 million, representing an increase of approximately 26.9% as compared with the corresponding period of last year. The increase in revenue was mainly benefited from the further development of the Group's smartphone related businesses and the rapid growth of application of vehicle optical system.

- The gross profit for the financial year 2015 was approximately RMB1,763.4 million, which was approximately 36.8% higher as compared with the corresponding period of last year. The gross profit margin was approximately 16.5%.

- Profit for the year attributable to owners of the Company increased by 34.5% to approximately RMB761.6 million as compared with the corresponding period of last year.

- Basic earnings per share increased by approximately 34.0% to approximately RMB70.9 cents when compared with the corresponding period of last year.

- The Board of Directors has proposed a final dividend of approximately RMB0.208 (equivalent to HK$0.249) 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 2015, together with the comparative figures for the corresponding period in the year 2014 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	**2015** ***RMB'000***	2014 *RMB'000*
Revenue	*3*	**10,696,232**	8,426,458
Cost of sales		**(8,932,855)**	(7,137,040)
Gross profit		**1,763,377**	1,289,418
Other income	*4(A)*	**93,199**	81,226
Other gains and losses	*4(B)*	**(122,648)**	(11,548)
Selling and distribution expenses		**(94,998)**	(89,324)
Research and development expenditure		**(502,140)**	(392,271)
Administrative expenses		**(256,924)**	(230,722)
Share of results of associates		**(1,591)**	1,209
Finance costs	*5*	**(15,998)**	(13,981)
Profit before tax		**862,277**	634,007
Income tax expense	*6*	**(98,756)**	(72,739)
Profit for the year	*7*	**763,521**	561,268
Other comprehensive income (expense)			
Item that may be classified subsequent to profit or loss:			
Exchange differences arising on translation from foreign operations		**682**	(871)
Total comprehensive income for the year		**764,203**	560,397
Profit for the year attributable to:			
Owners of the Company		**761,632**	566,096
Non-controlling interests		**1,889**	(4,828)
		763,521	561,268
Total comprehensive income attributed to:			
Owners of the Company		**761,987**	565,663
Non-controlling interests		**2,216**	(5,266)
		764,203	560,397
Earnings per share – Basic (RMB cents)	*9*	**70.90**	52.91
– Diluted (RMB cents)	*9*	**70.29**	52.43

Consolidated Statement of Financial Position

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**1,140,809**	1,035,159
Prepaid lease payments		**113,003**	116,223
Investment properties		**15,836**	–
Intangible assets		**6**	15
Interests in associates		**110,440**	62,531
Deferred tax assets		**5,700**	5,417
Deposits paid for acquisition of property, plant and equipment		**137,043**	87,613
Available-for-sale investments		**67,672**	52,279
Deposits paid for acquisition of a land use right		**27,741**	27,033
Derivative financial assets	*12(a)*	**947**	3,176
		1,619,197	1,389,446
CURRENT ASSETS			
Inventories		**896,962**	895,693
Trade and other receivables and prepayment	*11*	**3,002,950**	2,388,469
Prepaid lease payments		**3,337**	3,337
Derivative financial assets	*12(a)*	**16,108**	5,307
Financial assets designated as at fair value through profit or loss	*12(b)*	**1,708,270**	374,946
Amounts due from related parties		**1,215**	474
Tax recoverable		**–**	7,175
Pledged bank deposits		**129,559**	4,392
Short term fixed deposits		**71,916**	20,000
Bank balances and cash		**186,780**	504,600
		6,017,097	4,204,393
CURRENT LIABILITIES			
Trade and other payables	*13*	**2,914,402**	1,744,472
Amounts due to related parties		**3,114**	3,010
Derivative financial liabilities	*12(a)*	**103,929**	8,479
Tax payable		**21,128**	8,155
Borrowings		**683,239**	521,571
Deferred income – current portion		**13,609**	11,105
		3,739,421	2,296,792
NET CURRENT ASSETS		**2,277,676**	1,907,601
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,896,873**	3,297,047

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**19,201**	10,787
Derivative financial liabilities	*12(a)*	**1,932**	2,905
Other payable	*13*	**6,347**	9,537
Deferred income – non-current portion		**24,502**	23,228
		51,982	46,457
NET ASSETS		**3,844,891**	3,250,590
CAPITAL AND RESERVES			
Share capital	*14*	**105,177**	105,177
Reserves		**3,725,806**	3,142,520
Equity attributable to owners of the Company		**3,830,983**	3,247,697
Non-controlling interests		**13,908**	2,893
TOTAL EQUITY		**3,844,891**	3,250,590

Notes:

1. GENERAL

The Company was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Law Chapter 21 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands and its shares have been listed on the Stock Exchange of Hong Kong Limited with effect from 15 June 2007. Its ultimate holding and parent company is Sun Xu Limited, a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Wang Wenjian, also a Director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company is an investment holding company. The Company and its subsidiaries (collectively 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 are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HKFRSs

Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs)

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to 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[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[3]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

[3] Effective for annual periods beginning on or after 1 January 2016.

[4] Effective for annual periods beginning on or after a date to be determined.

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 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 mechanisms currently available in HKAS 39. Under HKFRS 9, 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 retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company 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. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 ***Revenue from Contracts with Customers***

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 of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except as described above, the Directors of the Company do not anticipate that the application of the remaining new and revised HKFRSs will have a material effect on the amounts recognised in 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 2015

	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	**2,268,456**	**8,216,728**	**211,048**	**10,696,232**	**–**	**10,696,232**
Inter-segment sales	**265,351**	**1,608**	**6,973**	**273,932**	**(273,932)**	**–**
Total	**2,533,807**	**8,218,336**	**218,021**	**10,970,164**	**(273,932)**	**10,696,232**
Segment profit	**574,954**	**464,927**	**1,519**	**1,041,400**	**–**	**1,041,400**
Share of results of associates						**(1,591)**
Unallocated expenses						**(177,532)**
Profit before tax						**862,277**

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

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 income, 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 Board of Directors 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 2015

	Optical Components *RMB'000*	Optoelectronic Products *RMB'000*	Optical Instruments *RMB'000*	Total *RMB'000*
Assets				
Trade receivables	**617,006**	**1,794,177**	**31,574**	**2,442,757**
Bill receivables	**35,429**	**352,908**	**3,030**	**391,367**
Inventories	**309,430**	**555,460**	**32,072**	**896,962**
Total segment assets	**961,865**	**2,702,545**	**66,676**	**3,731,086**
Unallocated assets				**3,905,208**
Consolidated assets				**7,636,294**
Liabilities				
Trade payables	**415,314**	**1,620,146**	**43,445**	**2,078,905**
Note payables	**4,100**	**451,435**	**1,000**	**456,535**
Total segment liabilities	**419,414**	**2,071,581**	**44,445**	**2,535,440**
Unallocated liabilities				**1,255,963**
Consolidated liabilities				**3,791,403**

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

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 Board of Directors.

- 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 Board of Directors.

Other segment information

For the year ended 31 December 2015

	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	123,604	115,835	4,864	1,414	245,717
Allowance for (reversal of allowance for) bad and doubtful debts on trade receivables	323	(1,292)	(373)	–	(1,342)
Loss (gain) on disposal of property, plant and equipment	573	2,007	(191)	–	2,389
Share award scheme expense	25,750	20,545	7,071	6,852	60,218
Interest income from bank and financial instruments	(10,313)	(28,158)	(857)	(25)	(39,353)
Allowance for inventories	2,322	4,391	657	–	7,370
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
Addition to property, plant and equipment	248,458	119,739	9,241	38	377,476

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

Revenue from major products and services

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

	2015 *RMB'000*	2014 *RMB'000*
Mobile phone related products	**8,581,595**	6,791,172
Digital camera related products	**536,448**	501,143
Optical instruments	**172,361**	192,242
Other lens sets	**684,553**	511,312
Digital video lens	**121,720**	13,324
Other spherical lens and plane products	**47,963**	50,027
Industrial endoscopes	**14,567**	21,586
Other products	**537,025**	345,652
	10,696,232	8,426,458

Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (excluding Hong Kong) (country of domicile)	**8,976,971**	6,973,059	1,433,252	1,264,434
Hong Kong	**247,452**	470,085	–	–
Japan	**387,922**	240,539	1	1
United States	**395,366**	215,886	66	109
Others	**688,521**	526,889	1,119	1,499
	10,696,232	8,426,458	1,434,438	1,266,043

Note: Non-current assets excluded interests in associates, deferred tax assets, available-for-sale investments and derivatives financial assets.

Information about major customer

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

	2015	2014
	RMB'000	*RMB'000*
Customer A, revenue from Optoelectronic Products	**2,566,112**	1,341,694
Customer B, revenue from Optoelectronic Products *(Note 1)*	**1,527,716**	N/A
Customer C, revenue from Optoelectronic Products	**1,216,669**	1,055,972
	5,310,497	2,397,666

Note 1: Revenue from Customer B contributed less than 10% of total sales of the Group for the year ended 31 December 2014.

4(A) OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income from short term fixed deposits	**565**	222
Interest income from pledged bank deposits	**3,924**	7,659
Interest income from financial assets designed as at FVTPL	**33,514**	31,329
Bank interest income	**1,350**	1,664
Government grants	**40,551**	19,761
Income from sales of moulds	**2,182**	6,104
Income from sales of scrap materials	**2,454**	1,940
Interest income from entrusted loans	**–**	8,845
Rental income	**2,837**	738
Handling service charges	**1,139**	671
Others	**4,683**	2,293
Total	**93,199**	81,226

4(B) OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
(Loss) gain on disposal of property, plant and equipment	**(2,389)**	2,541
Net foreign exchange losses	**(36,903)**	(16,338)
Reversal on overprovision of repair expenses on property, plant and equipment arising from flooding accident in Yuyao City *(Note)*	**–**	4,650
Loss on changes in fair value of derivative financial instruments, net	**(84,655)**	–
Reversal of allowance for (allowance for) bad and doubtful debts on trade receivables	**1,342**	(2,401)
Others	**(43)**	–
Total	**(122,648)**	(11,548)

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 year end 31 December 2014, the Directors of the Company 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

	2015	2014
	RMB'000	*RMB'000*
Interests on bank borrowings wholly repayable within five years	**15,998**	13,981

6. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**88,391**	67,207
Other jurisdictions	**2,285**	181
	90,676	67,388
(Overprovision) underprovision in prior years:		
PRC Enterprises Income Tax	**(51)**	1,831
Deferred taxation:		
Current year	**8,131**	3,520
	98,756	72,739

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:

(i) Ningbo Sunny Infrared Technologies Company Ltd. ("Sunny Infrared"), Suzhou Shun Xin Instruments Co., Ltd. ("Suzhou Shun Xin Instruments"), Ningbo Sunny Opotech Co., Ltd. ("Sunny Opotech"), Shanghai Sunny Hengping Scientific Instrument Co., Ltd. ("Shanghai Sunny Hengping"), Ningbo Sunny Automotive Opotech Co., Ltd. ("Sunny Automotive), Sunny Optics (Zhongshan) Co., Ltd. ("Sunny Zhongshan") and Ningbo Sunny Instruments Co., Ltd. ("Sunny Instruments"), 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.

(ii) Zhejiang Sunny Optics Co., Ltd. ("Sunny Optics"), a domestic limited liability company, was approved as Hi-Tech Enterprise and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2017.

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 2014 and 2015 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 of the Company plan to set 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:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**862,277**	634,007
Tax at PRC EIT tax rate of 25%	**215,569**	158,502
Tax effect of share of results of associates	**398**	(302)
Tax effect of expenses not deductible for tax purpose	**22,701**	6,678
Tax effect of income not taxable for tax purposes	**(540)**	(1,543)
Tax effect of allowance granted under share award scheme in the PRC	**(17,955)**	(21,788)
Tax effect of preferential tax rates for certain subsidiaries *(Note)*	**(111,033)**	(89,150)
Tax effect of tax losses not recognised	**15,276**	18,731
Utilisation of tax losses not previously recognised	**(26,065)**	(275)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**569**	55
(Overprovision) underprovision in prior years	**(51)**	1,831
Others	**(113)**	–
Income tax expense for the year	**98,756**	72,739

Note: For PRC subsidiaries which were approved as Hi-Tech Enterprises, they are entitled to a preferential tax rate of 15%. In addition, according to Guoshuifa [2008] no. 116 "Notice of the State Administration of Taxation on Issuing the Administrative Measures for the Pre-tax Deduction of Enterprise Research and Development Expenses (for Trial Implementation)" and Caishui [2013] No.70 "Circular of the Ministry of Finance and the State Administration of Taxation Issues related to Super Deductions for Research and Development Expenses" these PRC subsidiaries are also entitled to an additional 50% tax deduction on eligible research & development expenses incurred by them during the years ended 31 December 2015 and 2014.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Directors' emoluments	**11,792**	31,410
Other staff's salaries and allowances	**882,635**	727,303
Other staff's discretionary bonuses	**131,829**	88,622
Other staff's contribution to retirement benefit scheme	**66,143**	50,428
Other staff's share award scheme expense	**57,501**	37,771
Total staff costs	**1,149,900**	935,534
Auditor's remuneration	**2,952**	2,817
Depreciation of property, plant and equipment	**245,708**	214,707
Release of prepaid lease payments	**3,220**	1,452
Amortisation of intangible assets (included in research and development expenditure)	**9**	12
Allowance for inventories (included in cost of sales)	**7,370**	5,535

8. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2014 final dividends – RMB15.50 cents (2014: 2013 final dividends – RMB12.10 cents) per share	**170,035**	132,737

Subsequent to the end of reporting period, a final dividend of approximately RMB20.80 cents per share, equivalent to HK$24.90 cents per share, amounting to a total of approximately RMB228,176,000 (2014: approximately RMB15.50 cents per share, equivalent to HK$19.00 cents per share, amounting to a total of approximately RMB170,035,000) has been proposed by the Directors of the Company 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:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**761,632**	566,096

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,074,292**	1,069,823
Effect of dilutive potential ordinary shares:		
Restricted Shares	**9,239**	9,816
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,083,531**	1,079,639

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery and production equipment *RMB'000*	Motor vehicles *RMB'000*	Fixtures and office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST						
At 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 and 1 January 2015	316,310	1,289,093	12,321	226,991	33,189	1,877,904
Additions	11,946	261,373	2,914	39,590	61,653	377,476
Transfer	696	55,991	–	13,745	(70,432)	–
Transferred to investment properties	(16,750)	–	–	–	–	(16,750)
Disposals	–	(19,437)	(830)	(7,669)	–	(27,936)
Exchange realignment	–	(10)	11	25	–	26
At 31 December 2015	312,202	1,587,010	14,416	272,682	24,410	2,210,720
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 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 and 1 January 2015	76,924	646,001	7,800	112,020	–	842,745
Charge for the year	15,578	210,280	1,882	17,968	–	245,708
Transferred to investment properties	(914)	–	–	–	–	(914)
Eliminated on disposals	–	(11,125)	(1,027)	(5,450)	–	(17,602)
Exchange realignment	–	(6)	–	(20)	–	(26)
At 31 December 2015	91,588	845,150	8,655	124,518	–	1,069,911
CARRYING VALUES						
At 31 December 2015	220,614	741,860	5,761	148,164	24,410	1,140,809
At 31 December 2014	239,386	643,092	4,521	114,971	33,189	1,035,159

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:

	2015	2014
	RMB'000	*RMB'000*
Buildings on leasehold land outside Hong Kong	**220,614**	239,386

As at 31 December 2015, certain buildings of the Group of aggregated net book value approximately RMB88,674,000 was pledged to secure bank borrowings granted.

During the year ended 31 December 2014, included in the newly additions of property, plant and equipment of RMB470,453,000 was 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., and independent third party of the Group. 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

	2015	2014
	RMB'000	*RMB'000*
Current assets		
Trade receivables	**2,447,368**	1,509,256
Less: allowance for doubtful debts	**(4,611)**	(5,953)
	2,442,757	1,503,303
Bill receivables	**391,367**	777,437
Other receivables and prepayment		
Value added tax and other tax receivables	**18,155**	12,995
Individual income tax receivable from employees	**45,819**	24,145
Advance to suppliers	**39,380**	23,214
Interest receivables	**6,167**	4,831
Prepaid expenses	**30,926**	23,567
Rental and utilities deposits	**14,985**	8,484
Others	**13,394**	10,493
	168,826	107,729
Total trade and other receivables and prepayment	**3,002,950**	2,388,469
Non-current asset		
Deposits paid for acquisition of a land use right *(Note)*	**27,741**	27,033

Note: During the year ended 31 December 2014, 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 a deposit paid for acquisition of a land use right. During the current year, the Group submitted the construction plan to the local government for assessment and that the construction plan was approved. The Directors of the Company expected that the land use right will be obtained during the year ended 31 December 2016 and the construction will be commenced thereafter.

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.

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**2,401,786**	1,472,709
91 to 180 days	**40,146**	28,518
Over 180 days	**825**	2,076
	2,442,757	1,503,303

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

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**287,129**	694,421
91 to 180 days	**104,238**	83,016
	391,367	777,437

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% (2014: 98%) 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 RMB40,971,000 (2014: RMB30,594,000) 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

	2015	2014
	RMB'000	*RMB'000*
91 to 180 days	**40,146**	28,518
Over 180 days	**825**	2,076
Total	**40,971**	30,594

Movement in the allowance for doubtful debts

	2015	2014
	RMB'000	*RMB'000*
Balance at beginning of the reporting period	**5,953**	3,552
Impairment losses recognised on receivables	**3,702**	7,757
Impairment losses reversed	**(5,044)**	(5,356)
Balance at end of the reporting period	**4,611**	5,953

Included in the allowance for doubtful debts made for the year are individually impaired trade receivables with a balance of RMB4,611,000 (2014: RMB5,953,000) which might be in financial difficulties. The Group does not hold any collateral over these balances.

As at 31 December 2015, certain trade receivables of the Group of aggregated net book value approximately RMB22,382,000 was pledged to secure bank borrowings granted.

12. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES/FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Derivative financial assets and liabilities

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Foreign currency forward contracts *(Note 1)*	**5,485**	8,483	**6,238**	8,912
Foreign currency options contracts *(Note 2)*	**11,570**	–	**99,623**	2,472
Total	**17,055**	8,483	**105,861**	11,384
Less: current portion				
Foreign currency forward contracts *(Note 1)*	**5,485**	5,307	**6,238**	6,007
Foreign currency options contracts *(Note 2)*	**10,623**	–	**97,691**	2,472
	16,108	5,307	**103,929**	8,479
Non-current portion	**947**	3,176	**1,932**	2,905

Note 1:

Major terms of the foreign currency forward contracts are as follows:

As at 31 December 2015:

Derivative financial instruments	Foreign exchange forward contracts
Underlying currency	Sell USD and buy RMB
Total notional amount	USD15,000,000
Weighted average forward exchange rate	USD:RMB at 1:6.18*
Maturity date	From January 2016 to March 2016
Fair value of derivative financial assets	RMB5,485,000

Derivative financial instruments	Foreign exchange forward contracts
Underlying currency	Sell RMB and buy USD
Total notional amount	USD15,000,000
Weighted average forward exchange rate	USD:RMB at 1:6.14*
Maturity date	From January 2016 to March 2016
Fair value of derivative financial liabilities	RMB6,238,000

* Weight average forward exchange rate represented the average RMB: USD or USD: RMB exchange rate weighted by their notional amount.

As at 31 December 2014:

Derivative financial instruments	Foreign exchange forward contracts
Underlying currency	Sell USD and buy RMB
Total notional amount	USD50,000,000
Weighted average forward exchange rate	USD:RMB at 1:6.16*
Maturity date	From April 2015 to March 2016
Fair value of derivative financial assets	RMB8,483,000

Derivative financial instruments	Foreign exchange forward contracts
Underlying currency	Sell RMB and buy USD
Total notional amount	USD61,000,000
Weighted average forward exchange rate	USD:RMB at 1:6.17*
Maturity date	From April 2015 to March 2016
Fair value of derivative financial liabilities	RMB8,912,000

* Weighted average forward exchange rate represented the average RMB:USD or USD:RMB exchange rate weighted by their notional amount.

Note 2:

Major terms of the foreign currency options contracts are as follows:

As at 31 December 2015:

Derivative financial instruments	Foreign exchange options contracts
Position	Long position
Underlying currency	USD: RMB
Total notional amount	USD250,000,000
Strike price	USD: RMB from 1:6.6 to 1:6.8
Maturity date	From January 2016 to January 2017
Fair value of derivative financial assets	RMB11,570,000

Derivative financial instruments	Foreign exchange options contracts
Position	Short position
Underlying currency	USD: RMB
Total notional amount	USD250,000,000
Strike price	USD: RMB from 1:6.6 to 1:6.8
Maturity date	From January 2016 to January 2017
Fair value of derivative financial liabilities	RMB25,855,000

Derivative financial instruments	Foreign exchange knock-out options contracts
Underlying currency	USD: RMB
Total notional amount	USD540,000,000
Strike price	USD: RMB from 1:6.185 to 1:6.5
Maturity date	From February 2016 to July 2017
Fair value of derivative financial liabilities	RMB73,768,000

As at 31 December 2014:

Derivative financial instruments	Foreign exchange barrier options contracts
Underlying currency	USD: RMB
Total notional amount	USD52,000,000
Strike price	USD: RMB from 1:6.25 to 1: 6.30
Maturity date	From December 2014 to November 2015
Fair value of derivative financial liabilities	RMB2,472,000

(b) Financial assets designated as at fair value through profit or loss

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 RMB402,000,000 (2014: RMB25,000,000) which was guaranteed by the relevant banks, the remaining principal of RMB1,306,270,000 (2014: RMB349,946,000) was not guaranteed by the relevant banks in which the return of the structured deposits was determined by reference to the performance of the underlying government debt instruments and treasury notes and the expected return rate stated in the contracts ranges from 1.80% to 5.60% (2014: 2.25% to 6.20%) per annum.

In the opinion of the Directors of the Company, the fair value of the structured deposits at 31 December 2015 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 RMB1,479,600,000 (2014: RMB213,981,000) have been matured after the reporting period ended 31 December 2015 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 2016.

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.

	2015	2014
	RMB'000	*RMB'000*
Current liabilities		
Trade payables		
Within 90 days	**1,685,666**	1,000,589
91 to 180 days	**166,341**	74,127
Over 180 days	**6,125**	5,676
Accrued purchases	**220,773**	85,808
Total trade payables	**2,078,905**	1,166,200
Note payables		
Within 90 days	**412,836**	212,050
91 to 180 days	**43,699**	–
	456,535	212,050
Payables for purchase of property, plant and equipment	**20,825**	40,381
Payable for acquisition of assets *(Note 2)*	**4,233**	4,233
Staff salaries and welfare payables	**199,099**	168,714
Advance from customers	**29,580**	16,635
Value added tax payables and other tax payables	**52,966**	87,727
Technology grant payables *(Note 1)*	**9,405**	1,670
Commission payables	**10,576**	18,193
Interest payable	**1,322**	1,044
Penalty payable	**1,856**	1,296
Accrued research and development expenses	**18,352**	14,838
Rental and utilities payable	**9,848**	2,809
Payable to acquisition of an associate	**6,000**	–
Others	**14,900**	8,682
	378,962	366,222
	2,914,402	1,744,472
Non-current liability		
Other payable		
Payable for acquisition of assets *(Note 2)*	**6,347**	9,537

Note 1: Shanghai Sunny Hengping, Sunny Opotech and Sunny Group 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: The balance represented 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 credit period on purchases of goods is up to 180 days (2014: 90 days) and the credit period for note payables is 90 days to 180 days (2014: 90 days to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. SHARE CAPITAL

	Number of shares	Amount *HK$'000*	Equivalent to *RMB'000*
Authorised:			
Ordinary shares of HK$0.10 each at 1 January 2014, 31 December 2014 and 31 December 2015	100,000,000,000	10,000,000	
Issued & fully paid:			
Ordinary shares of HK$0.10 each at 1 January 2014, 31 December 2014 and 2015	1,097,000,000	109,700	105,177

15. EVENT AFTER THE REPORTING PERIOD

After the end of reporting period, the Directors of the Company 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 and loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 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

In 2015, the world economy maintained a slight moderate growth, but the economic situations of the world's major economies continued to differentiate. As the world's major economy, China suffered pressure and pain from economic slowdown and restructuring. The consumer electronics industry with rapid development in the past 10 years or more also started to slack. In particular, the once thriving smartphone market has basically been saturated with a weak demand. However, the good news is that some internet companies flocked to enter the electronics industry, therefore triggering a catfish effect. Huge market pressure also pushed manufacturers to introduce innovative products constantly, in which boundless applications in the use of handset cameras were brought to light. Besides, with the increase in laws, regulations and demands for active safety, there is a growing demand for the vehicle imaging field with high expectations for its growth momentum. Being a leading handset lens sets and handset camera modules provider in China, as well as the largest vehicle lens sets supplier in the world, the Group has therefore benefited from the growth.

According to the latest report by Gartner, an information technology research and consulting company, the global shipment volume of smartphones in 2015 reached 1,424,000,000 units, representing an increase of 14.4%, of which the shipment volume of China's smartphones was 416,000,000 units in total, contributing to 29.2% of the global market share. In the meantime, as consumers raised higher requirements for the handset camera functions along with increasing improvement of smartphones, higher resolutions of the front and rearview cameras of the handset were required by major handset makers. Complicated specifications such as wide angle, large aperture and optical image stabilisation ("OIS") and phase detection auto focus ("PDAF") were equipped to obtain better imaging quality so as to seize the market. In addition, dual-camera lens sets secured more attention from handset makers and consumers and became a force that cannot be neglected in the next wave of upgrade of specifications. By closely following the market trend, the Group has actively devoted resources to upgrade its products and substantially increased the proportion of sales of high-end products, thus consolidating its leading position in the industry.

The vehicle imaging system field exhibited a rapid momentum for development, with an increasing penetration rate year by year. Some developed countries and regions have lifted their concerns on driving safety to the regulations level. In addition to the requirement published by the U.S. National Highway Traffic Safety Administration ("NHTSA") requiring that all light vehicles produced after 1 May 2018 have to be equipped with at least one rearview camera, Europe, Japan and other countries have successively launched relevant industrial standards to boost the popularity of advanced driver assistance systems ("ADAS"). Besides, some major internet companies also devoted resources to establish their presence in the smart car industry with various approaches. Vehicle lens sets, as the best carriers of automobile computerisation and internet connection, presented broader development prospects. The Group has early captured the industrial development prospectively and has intensively penetrated into this field for several years in order to maintain its leading position in the industry continuously.

Despite the macroeconomic and industrial pressure, the Group has timely adjusted its marketing strategies and has focused on technological innovation to upgrade its products. As a result, an overall positive development persisted with satisfactory advancement in its core businesses. The Group has managed to achieve good results as it based itself in the promising optoelectronic industry, has firmly implemented the "Mingpeijiao" (名配角) strategy, has upheld the three directional objectives of high technology, high value and high efficiency, has adhered to the transformation and the upgrade of modes of production, profit making and operation and has continued to follow four priorities, namely the "management system with talents as the priority", the "market system with information as the priority", the "manufacturing system with data as the priority" and the "R&D system with speed as the priority". However, the Group would not be merely satisfied with what has been achieved. The Company will continue to invest resources and intensively develop its advantageous businesses to consolidate its leading position in the industry. In addition, the Company will intensify its cooperation with international high-tech companies and will make active deployment in new businesses and emerging industries to seek mid to long term healthy development by making full use of its technological advantages.

The Group's revenues increased by approximately 26.9% during the financial year 2015 to approximately RMB10,696.2 million. Profit for the year attributable to owners of the Company increased by approximately 34.5% to approximately RMB761.6 million, while basic earnings per share increased by approximately 34.0% to approximately RMB70.9 cents. The Board has proposed a final dividend of approximately RMB0.208 (equivalent to HK$0.249) (2014: approximately RMB0.155) per share.

In 2015, the Group continued to invest in R&D and new technologies in light of the demand of our customers, and was mindful about raising the standard of its corporate governance and management. With the joint effort from our staff, the Group received several accreditations of significance from the society, including supplier awards from our customers and competitiveness awards from industrial associations and institutions. This is an indication that the products, services, technical capability, production capability, management capability and comprehensive competitiveness of the Group were highly recognised in the industries and by our customers. With such encouragement and acknowledgement, 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

During the year under review, upholding the mission of ensuring sustainable growth of the Group, the management team strived to make progress with innovation. Major businesses of the Group have achieved sound development. Looking into 2016, 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, 2016 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 2016.

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

The Group has made good use of its integrated strengths and will continue to allocate resources in 2016 to improve the product structures of handset lens sets and handset camera modules, and to enhance the market competitiveness of these products, vehicle lens sets and optical instruments for a higher market share. Meanwhile, the Group will strengthen its supply chain management, further implement "Lean Production" and improve its production management process with an aim to enhance its management and control of production processing.

2. **Speed up the breakthroughs in existing emerging businesses and realise a balanced development**

   The Group aims to rapidly increase the sales of relevant products through continuing to allocate resources to existing emerging businesses and further expand and optimise their sales channels. 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 by the combination of self-development and cooperative development, to achieve the transformation from an integrated optical product manufacturer to a smart optical system solution provider. Furthermore, the Group will keep an eye on the development of the enterprise consumption sector. It helps grasp the business opportunities bred in changes in production modes and industrial patterns, achieve breakthroughs in segment markets and accomplish the transformation from an instrument manufacturer to a system integrator. All these facilitate its sustainable mid and long term development.

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

   The Group will continue to 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 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 broad development prospect of the optoelectronic industry where the Group bases and the excellent position in the market as an optical expert, maintain innovation and uphold 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 2015, the Group's revenue was approximately RMB10,696.2 million, representing an increase of approximately 26.9% or approximately RMB2,269.8 million as compared with the corresponding period of last year. The increase in revenue was mainly benefited from the further development of the Group's smartphone related businesses and the rapid growth of the applications of vehicle optical system.

Revenue generated from the Optical Components business segment increased by approximately 61.7% to approximately RMB2,268.5 million as compared with the corresponding period of last year. The increase in revenue was mainly due to the substantial rise in the shipment volume of handset lens sets and continuous growth in the shipment volume of vehicle lens sets.

Revenue generated from the Optoelectronic Products business segment increased by approximately 20.8% to approximately RMB8,216.7 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 of handset camera modules business.

Revenue generated from the Optical Instruments business segment slightly decreased by approximately 4.4% to approximately RMB211.0 million as compared with the corresponding period of last year. The decrease in revenue was mainly attributable to the decrease in the domestic and overseas demand for optical instruments.

Gross Profit and Margin

The gross profit for the financial year 2015 was approximately RMB1,763.4 million, which was approximately 36.8% higher as compared with the corresponding period of last year, and the gross profit margin was approximately 16.5% (2014: approximately 15.3%), which was 1.2 percentage point higher than that of last year. The increase in gross profit margin was mainly attributable to the faster growth in sales of Optical Components business segment which has a higher gross profit margin than the average 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 35.1%, 9.6% and 37.5% respectively (2014: approximately 26.7%, 11.5% and 36.8% respectively).

Selling and Distribution Expenses

The selling and distribution expenses for the year ended 31 December 2015 slightly increased by approximately RMB5.7 million as compared with the corresponding period of last year to approximately RMB95.0 million, accounting for approximately 0.9% of the Group's revenue, as compared with approximately 1.1% for last year. The increase in expenses was primarily attributable to the increase in costs of selling, marketing and distribution personnel resulted from the growth in sales activities.

R&D Expenditure

The R&D expenditure for the year ended 31 December 2015 increased by approximately RMB109.9 million as compared with the corresponding period of last year to approximately RMB502.1 million. It accounted for approximately 4.7% of the Group's revenue during the year under review, which was the same as last year. The increase in expenditure was attributable to the Group's continuous investment in R&D activities and business development. The R&D expenditure was mainly used in the R&D of high-end handset lens sets and handset camera modules, innovative optoelectronic products for mobile devices, vehicle lens sets, infrared products, security surveillance systems products, mid to high end optical instruments and the upgrade of existing product categories.

Administrative Expenses

The administrative expenses for the year ended 31 December 2015 increased by approximately RMB26.2 million as compared with the corresponding period of last year to approximately RMB256.9 million. It accounted for approximately 2.4% of the Group's revenue during the year under review, as compared with approximately 2.7% for last year. 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 in relevant fringe benefits.

Income Tax Expense

The income tax expense for the year ended 31 December 2015 increased by approximately RMB26.0 million as compared with the corresponding period of last year to approximately RMB98.8 million. The increase in income tax expense was mainly attributable to the growth in earnings. The Group's actual effective tax rate was approximately 11.5% during the year under review, which was the same as 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.

Tax rates applicable to the Group's subsidiaries in the PRC are shown as follows:

	2014	**2015**	**2016**	**2017** (Expected)
* Zhejiang Sunny Optics Co., Ltd. ("**Sunny Optics**")	15.0%	**15.0%**	15.0%	15.0%
+* Ningbo Sunny Instruments Co., Ltd. ("**Sunny Instruments**")	15.0%	**15.0%**	15.0%	15.0%
+* Sunny Optics (Zhongshan) Co., Ltd. ("**Sunny Zhongshan**")	15.0%	**15.0%**	15.0%	15.0%
+* Ningbo Sunny Opotech Co., Ltd. ("**Sunny Opotech**")	15.0%	**15.0%**	15.0%	15.0%
+* Ningbo Sunny Infrared Technologies Co., Ltd. ("**Sunny Infrared**")	15.0%	**15.0%**	15.0%	15.0%
+* Shanghai Sunny Hengping Scientific Instrument Co., Ltd. ("**Shanghai Sunny Hengping**")	15.0%	**15.0%**	15.0%	15.0%
+* Ningbo Sunny Automotive Optech Co., Ltd. ("**Sunny Automotive**")	15.0%	**15.0%**	15.0%	15.0%
# Sunny Optics (Tianjin) Co., Ltd. ("**Sunny Tianjin Optics**")	25.0%	**25.0%**	N/A	N/A
*# Suzhou Shun Xin Instruments Co., Ltd. ("**Suzhou Shun Xin Instruments**")	15.0%	**15.0%**	N/A	N/A
Hangzhou Sunny Security Technology Co., Ltd. ("**Sunny Hangzhou Security**")	25.0%	**25.0%**	25.0%	25.0%
Xinyang Sunny Optics Co., Ltd. ("**Sunny Xinyang Optics**")	25.0%	**25.0%**	25.0%	25.0%
Shanghai Sunny Yangming Precision Optics Co., Ltd. ("**Sunny Shanghai Optics**")	25.0%	**25.0%**	25.0%	25.0%
Ningbo Sunny Intelligent Technology Co., Ltd. ("**Sunny Intelligent Technology**")	25.0%	**25.0%**	25.0%	25.0%
Sunny Group Limited ("**Sunny Group**")	25.0%	**25.0%**	25.0%	25.0%
! Zhejiang Sunny Optical Intelligence Technology Co., Ltd. ("**Sunny Intelligence Opotech**")	N/A	**25.0%**	25.0%	25.0%
! Qingdao Sunny Hengping Instrument Company Limited ("**Qingdao Hengping Instrument**")	N/A	**25.0%**	25.0%	25.0%

* Companies recognised as Hi-Tech Enterprises prior to the balance sheet date.

Companies were deregistered during the year under review.

! The company was established during the year under review.

+ The Hi-Tech Enterprises Certification of the companies will expire on 31 December 2016, but the management expects the certification will be extended for another 3 years.

Profit for the Year and Margin

The profit for the year ended 31 December 2015 increased by approximately RMB202.2 million as compared with the corresponding period of last year to approximately RMB763.5 million. 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 7.1% as compared to approximately 6.7% for last year.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company for the year ended 31 December 2015 increased by approximately RMB195.5 million as compared with the corresponding period of last year to approximately RMB761.6 million.

Final Dividends

For the year ended 31 December 2015, the dividends proposed by the Board was approximately RMB0.208 (equivalent to HK$0.249) per share, with payout ratio of approximately 30.0% of the profit attributable to owners of the Company for the year.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarises the Group's cash flows for the years ended 31 December 2015 and 31 December 2014:

	For the year ended 31 December	
	2015	2014
	RMB million	*RMB million*
Net cash from (used in) operating activities	**1,701.5**	(182.9)
Net cash (used in) from investing activities	**(1,932.0)**	171.0
Net cash used in financing activities	**(87.9)**	(191.7)

The Group derives its working capital mainly from cash on hand and net cash generated from operating activities. The Board expects that the Group will rely on net cash from operating activities and bank borrowings 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 RMB186.8 million as of 31 December 2015, representing a decrease of approximately RMB317.8 million when compared to the balance of last year.

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 RMB1,701.5 million for the financial year ended 2015 and net cash used in operating activities was approximately RMB182.9 million for the financial year ended 2014. The increase in the net cash generated from operating activities was mainly attributable to the increase in profit before tax and the increase in trade and other payables.

The trade receivable turnover days (balance of trade receivables/revenue × 365 days) increased from approximately 65 days for the financial year of 2014 to approximately 83 days for the financial year of 2015. The increase in the trade receivable turnover days was mainly attributable to increase in receivables at the end of the quarter as a result of increased sales in the 4^{th} quarter of 2015.

The trade payable turnover days (balance of trade payables including accrued purchases/cost of sales × 365 days) increased from approximately 60 days for the financial year of 2014 to approximately 85 days for the financial year of 2015. The credit term on purchases of goods granted by suppliers is up to 180 days. The increase in the trade payable turnover days was mainly due to the enhancement of supply chain management by the Group.

The inventory turnover days (balance of inventories/cost of sales × 365 days) reduced from approximately 46 days for the financial year of 2014 to approximately 37 days for the financial year of 2015. The decrease in the inventory turnover days was mainly because the Group has imposed stricter control on inventories, to enhance the efficiency of inventory turnover and lower the average inventory level.

Investing Activities

The Group recorded a net cash outflow used in investing activities of approximately RMB1,932.0 million for the financial year of 2015, which was mainly attributable to purchases and release of financial assets designated as at fair value through profit or loss of approximately RMB14,790.2 million and approximately RMB13,456.9 million during the year respectively, and the Group's capital expenditure amounting to approximately RMB411.2 million during the year.

Financing Activities

The Group recorded a net cash outflow used in financing activities of approximately RMB87.9 million for the financial year of 2015. The inflow mainly came from new bank borrowings raised of approximately RMB815.8 million. Major outflows were the repayment of borrowings of approximately RMB654.1 million, purchases of shares as unvested shares under the restricted share award scheme of approximately RMB70.8 million and dividends paid to shareholders of approximately RMB170.0 million declared last year.

Capital Expenditure

For the year ended 31 December 2015, the Group's capital expenditure amounted to approximately RMB411.2 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 and bank borrowings.

CAPITAL STRUCTURE

Indebtedness

Borrowings

Bank borrowings of the Group as of 31 December 2015 amounted to approximately RMB683.2 million (2014: approximately RMB521.6 million). Pledged buildings and land of approximately RMB195.0 million (2014: Nil) and pledged trade receivables of approximately RMB22.4 million (2014: Nil) were arranged by the Group in the year under review.

As of 31 December 2015, all bank borrowings were denominated mainly in U.S. Dollars and Renminbi. 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 8.9%, reflecting that the Group's financial position was at a sound level.

Bank facilities

As of 31 December 2015, the Group had bank facilities of RMB545.0 million with Yuyao Branch of Agricultural Bank of China, RMB180.0 million with Yuyao Branch of Ningbo Bank, USD22.0 million with BNP Paribas Hong Kong Branch, USD50.0 million with BNP Paribas (China) Limited, USD13.0 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 2015, the Group did not have any debt securities.

Contingent liabilities

As of 31 December 2015, 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 2015, except for the pledged bank deposits of approximately RMB129.6 million, pledged buildings and land of approximately RMB195.0 million and pledged trade receivables of approximately RMB22.4 million.

Commitments

As of 31 December 2015, the future aggregate minimum lease payments under non-cancellable operating leases in respect of premises amounted to approximately RMB99.6 million (2014: approximately RMB121.1 million).

As of 31 December 2015, 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 RMB126.3 million (2014: approximately RMB64.7 million).

As of 31 December 2015, 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 acquisition and release of financial assets designated as at fair value through profit or loss, placement and release of pledged bank deposits, placement and withdrawal of short term fixed deposits and purchases of property, plant and equipment. For the year ended 31 December 2015, the Group's investments amounted to approximately RMB411.2 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 Group's R&D capability, technology application capability, production capability and efficiency, 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.

Going forward, the Group intends to further invest to enhance its competitiveness.

OFF-BALANCE SHEET TRANSACTIONS AND CONTINGENT LIABILITIES

As of 31 December 2015, 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 2015, the effective interest rate on fixed-rate bank loans was approximately 2.52% per annum.

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, amounts due from related parties and available-for-sale investments, 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 16,021 dedicated full-time employees as of 31 December 2015, including 2,631 management and administrative staff, 13,155 production workers and 235 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 2015, 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 2015, an aggregate of 5,718,479 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 RMB0.208 (equivalent to HK$0.249) per share in respect of the year ended 31 December 2015 to the shareholders whose names appear on the register of members of the Company at the close of business on 24 May 2016. The final dividends, payable on 14 June 2016, are subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting ("AGM") to be held on 19 May 2016.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the eligibility of shareholders to attend the AGM, which is to be held on 19 May 2016, the register of members of the Company will be closed from 16 May 2016 to 19 May 2016, 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 13 May 2016.

In order to determine the eligibility of shareholders to the dividends, the register of members of the Company will be closed from 25 May 2016 to 31 May 2016, 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 24 May 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

There was no purchase, sale, redemption or writing-off by the Company or any of its subsidiaries, with the exception of the trustees of the restricted share award scheme of the Company's listed shares during the year ended 31 December 2015.

CORPORATE GOVERNANCE

Corporate Governance Practices

Throughout the year ended 31 December 2015, the Company complied with all of the code provisions and adopted most of the recommended best practices of the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

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 2015.

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 2015 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 the Company. 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.

The Group has a dedicated team to maintain contact with investors and handle shareholders inquiries. Should investors have any inquiries, please contact the Group investor relationship department (Tel: +852-35687038; +86-574-62538091; e-mail: 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 2015 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 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 in the Group's continual success in the future. Also, the Group wishes to extend its gratitude to the continuous 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 2016 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, 14 March 2016

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.