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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

RESULT HIGHLIGHTS

- The Group's unaudited consolidated revenue for the period ended 30 June 2014 was approximately RMB3,836.1 million, representing an increase of approximately 37.7% as compared with the corresponding period of the previous year. The increase in revenue was mainly attributable to the development of smartphones, notably the strong performance in the PRC market and the increasing penetration of vehicle cameras adoption. The improvement in the Group's market shares of domestic smartphone brands and global vehicle imaging industry also contributed to the increase in Group's revenue.

- The gross profit for the first half of financial year 2014 was approximately RMB561.6 million, representing an increase of approximately 27.5% as compared with the corresponding period of the previous year. The gross margin was approximately 14.6%.

- The net profit for the period increased by approximately 30.2% to approximately RMB253.8 million as compared with the corresponding period in 2013. The increase in net profit was mainly due to the increased gross profit and effective control over operating expenses. The net profit margin was approximately 6.6%

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sunny Optical Technology (Group) Company Limited (the "**Company**") presents the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in the year 2013 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**3,836,139**	2,785,719
Cost of sales		**(3,274,526)**	(2,345,282)
Gross profit		**561,613**	440,437
Other income	*4*	**47,410**	19,345
Other gains and losses	*5*	**(8,296)**	2,250
Selling and distribution expenses		**(42,894)**	(42,112)
Research and development expenditure		**(149,193)**	(101,739)
Administrative expenses		**(100,696)**	(80,609)
Share of results of associates		**(146)**	(310)
Finance costs		**(7,258)**	(1,814)
Profit before tax		**300,540**	235,448
Income tax expense	*6*	**(46,744)**	(40,512)
Profit for the period	*7*	**253,796**	194,936
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(268)**	(469)
Total comprehensive income for the period		**253,528**	194,467
Profit (loss) for the period attributable to:			
Owners of the Company		**256,851**	196,821
Non-controlling interests		**(3,055)**	(1,885)
		253,796	194,936
Total comprehensive income (loss) attributable to:			
Owners of the Company		**256,730**	196,396
Non-controlling interests		**(3,202)**	(1,929)
		253,528	194,467
Earnings per share – Basic *(RMB cents)*	*8*	**24.05**	20.39
– Diluted *(RMB cents)*	*8*	**23.76**	19.92

Condensed Consolidated Statement of Financial Position
At 30 June 2014

	NOTES	30 June 2014 RMB'000 (unaudited)	31 December 2013 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**836,942**	784,656
Prepaid lease payments		**22,488**	22,808
Intangible assets		**23**	27
Interests in associates		**246**	392
Deferred tax assets		**3,864**	3,745
Deposits for acquisition of property, plant and equipment	11	**130,335**	74,204
Available-for-sale investments	12	**6,107**	–
Deposit paid for acquisition of a land use right	14	**23,209**	–
Other receivable	14	**–**	13,000
		1,023,214	898,832
CURRENT ASSETS			
Inventories	13	**1,183,549**	767,915
Trade and other receivables and prepayment	14	**2,300,822**	1,171,802
Entrusted loan receivables	15	**10,000**	20,000
Prepaid lease payments		**642**	642
Financial assets designated as at fair value through profit or loss	16	**487,360**	983,000
Amounts due from related parties		**213**	270
Pledged bank deposits		**92,450**	113,750
Bank balances and cash		**689,615**	709,037
		4,764,651	3,766,416
CURRENT LIABILITIES			
Trade and other payables	17	**1,892,096**	1,257,179
Amounts due to related parties		**2,301**	3,044
Amount due to a non-controlling interest of a subsidiary		**–**	232
Tax payable		**13,552**	21,822
Borrowings	18	**851,250**	488,929
Deferred income – current portion	22	**8,423**	10,740
		2,767,622	1,781,946
NET CURRENT ASSETS		**1,997,029**	1,984,470
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,020,243**	2,883,302

	NOTES	30 June 2014 RMB'000 (unaudited)	31 December 2013 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5,595**	5,595
Other payable	*17*	**9,537**	–
Deferred income – non-current portion	*22*	**16,552**	17,822
		31,684	23,417
NET ASSETS		**2,988,559**	2,859,885
CAPITAL AND RESERVES			
Share capital	*19*	**105,177**	105,177
Reserves		**2,876,504**	2,744,628
Equity attributable to owners of the Company		**2,981,681**	2,849,805
Non-controlling interests		**6,878**	10,080
TOTAL EQUITY		**2,988,559**	2,859,885

1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

Financial instruments

Available-for-sale financial assets

Available-for-sale investments are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments and (c) financial assets at fair value through profit or loss ("FVTPL").

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Application of new or revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

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 above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

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

For the six months ended 30 June 2014

	Optical Components *RMB'000* **(unaudited)**	**Optoelectronic Products** *RMB'000* **(unaudited)**	**Optical Instruments** *RMB'000* **(unaudited)**	**Segments' total** *RMB'000* **(unaudited)**	**Eliminations** *RMB'000* **(unaudited)**	**Total** *RMB'000* **(unaudited)**
Revenue						
External sales	**584,850**	**3,138,547**	**112,742**	**3,836,139**	**–**	**3,836,139**
Inter-segment sales	**86,416**	**146**	**1,568**	**88,130**	**(88,130)**	**–**
Total	**671,266**	**3,138,693**	**114,310**	**3,924,269**	**(88,130)**	**3,836,139**
Segment profit	**81,767**	**236,900**	**11,714**	**330,381**	**–**	**330,381**
Share of results of associates						**(146)**
Unallocated expenses						**(29,695)**
Profit before tax						**300,540**

For the six months ended 30 June 2013

	Optical Components *RMB'000* (unaudited)	Optoelectronic Products *RMB'000* (unaudited)	Optical Instruments *RMB'000* (unaudited)	Segments' total *RMB'000* (unaudited)	Eliminations *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Revenue						
External sales	563,866	2,119,820	102,033	2,785,719	–	2,785,719
Inter-segment sales	69,330	24,361	314	94,005	(94,005)	–
Total	633,196	2,144,181	102,347	2,879,724	(94,005)	2,785,719
Segment profit	54,581	177,209	13,050	244,840	–	244,840
Share of results of associates						(310)
Unallocated expenses						(9,082)
Profit before tax						235,448

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, certain non-recurring items, share of results of associates, and finance costs. There were asymmetrical allocations to operating segments because the Group allocates depreciation and amortisation and loss on disposal of property, plant and equipment to each segment without allocating the depreciable assets 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.

4. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income from entrusted loans	**8,558**	3,471
Government grants *(Note 22)*	**8,733**	6,546
Bank interest income	**748**	317
Interest income from short term fixed deposits	**239**	330
Bank interest from pledged deposits	**3,825**	1,709
Interest income from financial assets designated at FVTPL	**18,398**	2,106
Income from sales of moulds	**3,773**	3,220
Income from sales of scrap materials	**588**	567
Others	**2,548**	1,079
	47,410	19,345

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net foreign exchange (losses) gains	**(12,665)**	3,986
Net gain on disposal of property, plant and equipment	**1,656**	1,923
Net (allowance) reversal of bad and doubtful debts		
– trade receivables	**(1,937)**	(760)
– other receivables	**–**	186
– amount due from an associate	**–**	(3,085)
Reversal on overprovision of repair expenses on property, plant and equipment arising from flooding accident in Yuyao City in prior year *(Note 17)*	**4,650**	–
	(8,296)	2,250

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
– The People's Republic of China (the "PRC") Enterprise Income Tax calculated at the prevailing tax rates ranged from 15% to 25%	**46,863**	40,804
Deferred tax:		
– Current period	**(119)**	(292)
	46,744	40,512

No provision for Hong Kong Profits Tax has been made in the condensed consolidated statement of profit or loss and other comprehensive income as the Group had no assessable profits arising in Hong Kong for both periods.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Auditor's remuneration	**1,079**	1,021
Depreciation of property, plant and equipment	**100,879**	64,011
Release of prepaid lease payments	**320**	321
Amortisation of an intangible assets	**4**	8
Allowance for (reversal of allowance for) inventories	**4,333**	(352)

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**256,851**	196,821
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,068,049**	965,478
Effect of dilutive potential ordinary shares: Restricted Shares	**12,842**	22,356
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,080,891**	987,834

9. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period: Final dividend paid in 2014 for 2013 of HK$15.40 cents per share, approximately RMB12.10 cents per share (2013: HK$12.90 per share for 2012, approximately RMB10.50 cents per share)	**132,737**	105,000

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (corresponding period of 2013: Nil).

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired manufacturing equipment and incurred construction costs for manufacturing plants of approximately RMB153,396,000 (the corresponding period of 2013: approximately RMB71,000,000) in order to upgrade its manufacturing capabilities.

Included in the newly additions of property, plant and equipment of RMB153,396,000 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.. During the current interim period, 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.

In addition, the Group disposed certain of its plants and equipment with a carrying amount of approximately RMB231,000 (the corresponding period of 2013: approximately RMB5,882,000) which resulted in a gain of approximately RMB1,656,000 (the corresponding period of 2013: approximately RMB1,923,000).

11. DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits are paid for construction of factory buildings and acquisition of plants and equipment located in the PRC for the expansion of the Group's production plant. The deposits will be transferred to property, plant and equipment by batches by the end of 2014 or early 2015. During the current interim period, the Group paid an amount of RMB104,841,000 as the deposits for acquisition of property, plant and equipment and transferred an amount of RMB46,837,000 to property, plant and equipment.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Unlisted equity securities	**6,107**	–

On 17 January 2014, the Group had entered into a joinder agreement to join as another purchaser in the Purchase Agreement with MantisVision Ltd. ("MantisVision") relating to the purchase of 200,711 Series B Preferred Shares of MantisVision at a consideration of US$1,000,000 (equivalent to approximately RMB6,107,000) (the "Investment"). MantisVision is incorporated under the Laws of the State of Israel and is principally engaged in developing, manufacturing and marketing of emergent vision technologies for consumers and professional applications. The Investment had been completed on 22 January 2014. As the Investment represents less than 5% of attributable equity interest held by the Group and that the Group has no controlling power or significant influence over the management and the operation of MantisVision, the Investment is classified as available-for-sale investments by the Group.

13. INVENTORIES

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Raw materials	**222,919**	135,475
Work in progress	**83,030**	20,505
Finished goods	**877,600**	611,935
	1,183,549	767,915

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Trade receivables	**1,847,896**	790,263
Less: allowance for doubtful debts	**(5,489)**	(3,552)
	1,842,407	786,711
Bills receivables	**320,521**	298,187
Other receivables and prepayment		
Advance to Yuyao City Government *(Note)*	**13,000**	–
Value added tax and other tax receivables	**49,576**	22,112
Individual income tax receivables from employees	**22,674**	21,463
Advance to suppliers	**15,694**	14,186
Interest receivables	**1,692**	1,338
Prepaid expenses	**15,757**	11,348
Others	**19,501**	16,457
	137,894	86,904
Total trade and other receivables and prepayment	**2,300,822**	1,171,802
Non-current asset		
Other receivable		
Advance to Yuyao City Government *(Note)*	**–**	13,000

Note: During the year ended 31 December 2012, Ningbo Sunny Opotech Co., Ltd., 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 interim period, the Group was successful in acquiring the land use right at the public auction at a cash consideration of RMB23,209,000 which has been paid by the Group and disclosed as the deposit paid for acquisition of a land use right in the condensed consolidated statement of financial position as at 30 June 2014. The advance of RMB13,000,000 is expected to be refunded in 2014 and therefore the amount is classified as current asset as at 30 June 2014. At the date the condensed consolidated financial statements are authorised for issue, the advance has been refunded by the government in full.

The Group allows a credit period from 60 to 90 days to its trade customers and 90 to 180 days for bills 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.

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Within 90 days	**1,823,796**	775,192
91 to 180 days	**16,235**	10,239
Over 180 days	**2,376**	1,280
	1,842,407	786,711

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

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**247,286**	272,368
91 to 180 days	**73,235**	25,819
	320,521	298,187

Movement in the allowance for doubtful debts:

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Balance at beginning of the reporting period	**3,552**	1,714
Impairment losses recognised on receivables	**3,600**	5,414
Amounts written off as uncollectible	**–**	(584)
Impairment losses reversed	**(1,663)**	(2,992)
Balance at end of the reporting period	**5,489**	3,552

15. ENTRUSTED LOAN RECEIVABLES

During the current interim period, the Group entered into several entrusted loan arrangements with banks, in which the subsidiaries acted as the entrusting parties to provide funding to specified corporate borrowers, unrelated to the Group. The entrusted loan held by the Group as at the period ended date is current and due within one year, bearing fixed interest rate of 10.7% per annum.

At the date the condensed consolidated financial statements are authorised for issue, the entrusted loan receivable is subsequently settled by the borrower in full.

16. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the current interim period, 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 RMB332,660,000 (31 December 2013: RMB565,000,000) which was guaranteed by the relevant banks, the return and remaining principal were not guaranteed by the relevant banks. The return 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% (31 December 2013: 2.39% to 6.30%) per annum.

In the opinion of the Directors of the Company, the fair value of the structured deposits at 30 June 2014 approximated their principal amounts, and the fair value of the embedded derivatives is insignificant. At the date the condensed consolidated financial statements are authorised for issue, structured deposits amounting to approximately RMB341,260,000 have been matured after the reporting period ended 30 June 2014 at their principal amounts together with returns which approximated the expected return. The remaining principal amounts of RMB146,100,000 have not been matured at the date the Board of Directors authorise the condensed consolidated financial statements for issue. The remaining principals together with the expected returns will be received by the Group when the structured deposits mature within one year.

17. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and notes payables presented based on the invoice date at the end of the reporting period. The credit period allowed for the purchases is typically within 90 days. The credit period allowed for notes payables is ranging from 90 days to 180 days.

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables		
Within 90 days	**1,365,280**	713,303
91 to 180 days	**89,859**	82,913
Over 180 days	**9,107**	11,929
Accrued purchases	**173,021**	99,972
Total trade payables	**1,637,267**	908,117
Notes payables		
Within 90 days	**450**	20,822
91 to 180 days	**–**	25,453
	450	46,275
Other payables		
Payables for purchase of property, plant and equipment	**45,697**	32,104
Payables for acquisition of assets *(Note 3)*	**4,233**	–
Staff salaries and welfare payables	**117,342**	133,984
Advance from customers	**18,112**	10,048
Value added tax payables and other tax payables	**30,261**	51,943
Technology grant payables *(Note 1)*	**2,266**	8,606
Commission payables	**21,801**	24,779
Payable for repair of property, plant and equipment *(Note 2)*	**–**	24,529
Others	**14,667**	16,794
	254,379	302,787
	1,892,096	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: 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. During the current interim period, 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.

Note 3: The balance represents the unpaid cash consideration for the acquisition of assets from OMS 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.

18. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings with amounts of approximately RMB621,379,000 (the corresponding period of 2013: RMB468,652,000). The proceeds were used to meet the working capital requirement and acquisitions of property, plant and equipment. Repayment of bank borrowings amounting to approximately RMB259,058,000 (the corresponding period of 2013: RMB238,733,000) were made in line with the relevant repayment terms.

As at 30 June 2014, the Group has (i) fixed-rate borrowings amounted to approximately RMB752,957,000 which carry interest ranging from 2.10% to 5.00% per annum (31 December 2013: approximately RMB407,656,000 which carry interest ranging from 1.27% to 5.60% per annum) and (ii) variable-rate borrowings amounted to approximately RMB98,293,000 with variable rate ranging from 1.92% to 5.85% per annum (31 December 2013: approximately RMB81,273,000 with variable rate of 5.11% per annum). Repayment of bank borrowings amounting to approximately RMB259,058,000 (the corresponding period of 2013: RMB238,733,000) were made in line with the relevant repayment terms.

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities (i.e. United States Dollar) are approximately RMB849,061,000 (31 December 2013: approximately RMB486,988,000).

19. SHARE CAPITAL

Issued share capital as at 30 June 2014 amounted to HK$109,700,000 (equivalent to approximately RMB105,177,000) with number of ordinary shares amounted to 1,097,000,000 of HK$0.1 each. There were no movements in the issued share capital of the Company in the current interim period.

20. RESTRICTED SHARE AWARD SCHEME

The fair value of the Company's restricted shares (the "Restricted Shares") awarded was determined based on the market value of the Company's shares at the grant date.

Movements in the number of Restricted Shares granted and related fair value are as follows:

	Weighted average fair value (per share) *HKD*	**No. of Restricted Shares** *('000)*
As at 1 January 2013 (audited)	2.193	35,930
Lapsed	2.821	(537)
Vested	2.086	(12,998)
Granted *(Note 1)*	8.516	8,180
As at 31 December 2013 and 1 January 2014 (audited)	3.919	30,575
Lapsed	2.064	(145)
Vested	1.823	(8,546)
Granted *(Note 2)*	7.190	2,784
As at 30 June 2014 (unaudited)	5.025	24,668

The equity-settled share-based payments expense charged to profit or loss was approximately RMB18,418,000 for the current interim period (the corresponding period of 2013: approximately RMB12,431,000).

Note 1: The Restricted Shares granted in 2013 vested on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

Restricted Shares	**Scales**
2,352,000 shares	One-fourth
5,708,000 shares	One-third to one-fifth
120,000 shares	One-fourth

The fair values of Restricted Shares granted in measured on the basis of an observable market price.

Note 2: The Restricted Shares granted in 2014 vested on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scale:

Restricted Shares	**Scale**
2,784,000 shares	One-fourth

The fair values of Restricted Shares granted in measured on the basis of an observable market price.

21. COMMITMENTS

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Capital expenditure in respect of acquisition of the property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**73,689**	48,424

22. DEFERRED INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Amounts credited to profit or loss during the period:		
Subsidies related to technology enhancement of production lines	**2,105**	1,559
Subsidies related to research and development of technology projects	**4,262**	31
Incentive subsidies	**2,366**	4,956
	8,733	6,546

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Deferred income related to government grants:		
Subsidies related to technology enhancement of production lines	**14,171**	13,605
Subsidies related to research and development of technology projects	**10,804**	14,957
Total:	**24,975**	28,562
Less: current portion	**(8,423)**	(10,740)
Non-current portion	**16,552**	17,822

23. FAIR VALUE MEASUREMENT

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets	**Fair value as at 30 June 2014 (unaudited)**	**Fair value as at 31 December 2013 (audited)**	**Fair value hierarchy**	**Valuation technique and key inputs**	**Relationship of unobservable inputs to fair value**
Financial assets designated as at fair value through profit or loss	Bank deposits in the PRC with non-closely related embedded derivative: RMB487,360,000	Bank deposits in the PRC with non-closely related embedded derivative: RMB983,000,000	Level 3	Discounted cash flows Key unobservable inputs are: expected yields of debt instruments invested by banks and a discount rate that reflects the credit risk of the banks *(Note)*	The higher the expected yield, the higher the fair value The higher the discount rate, the lower the fair value

Note: The Directors consider that the impact of the fluctuation in expected yields of the debt instruments to the fair value of the structured deposits was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.

No gains or losses are recognised in profit or loss relating to the change in fair value of structured deposits classified as Level 3 in the current and prior period as the amount involved is insignificant, and therefore no reconciliation of Level 3 fair value measurements is presented.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

24. EVENTS AFTER THE REPORTING PERIOD

On 25 July 2014, the Group entered into a share purchase agreement (the "Agreement") with the shareholders of the non-controlling interests (the "Vendors") of a subsidiary of the Group, Sunny Instruments Singapore Pte. Ltd. ("Sunny Singapore"). According to the Agreement, the Group will purchase all the ordinary shares held by the Vendors, representing 3,634,500 ordinary shares or 31.8% of the issued share capital of Sunny Singapore, for a total consideration of Singapore Dollar 320,594 (equivalent to approximately RMB1,579,000). Upon completion of the share purchase transaction, the Group will own 100% of the equity interest of Sunny Singapore. The share purchase transaction is expected to be completed by 24 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading integrated optical components and products manufacturer in the People's Republic of China (the "**PRC**" or "**China**"). The Group is principally engaged in the design, research and development ("**R&D**"), manufacture and sales of optical and optical-related products. Such products include optical components (such as glass spherical and aspherical lenses, plane products, handset lens sets, vehicle lens sets and other various lens sets) ("**Optical Components**"), optoelectronic products (such as handset camera modules, smart television video modules, three-dimensional ("**3D**") optoelectronic products, security cameras and other optoelectronic modules) ("**Optoelectronic Products**") and optical instruments (such as microscopes, optical measuring instruments and various optical analytical instruments) ("**Optical Instruments**"). The Group focuses on the market of optoelectronic-related products, such as handsets, digital cameras, vehicle imaging systems, smart television video systems, security surveillance systems, optical measuring instruments and optical analytical instruments, which are combined with optical, electronic and mechanical technologies.

Save as disclosed in this announcement, there has been no material change in the development or future development of the Group's business and financial position, and no important events affecting the Group has occurred since the publication of the annual report of the Company for the year ended 31 December 2013.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2014 was approximately RMB3,836.1 million, representing an increase of approximately 37.7% or approximately RMB1,050.4 million compared with the corresponding period of last year. The increase in revenue was mainly attributable to the development of smartphones, notably the strong performance in the PRC market and the increasing penetration of vehicle cameras adoption. The improvement in the Group's market shares in domestic smartphone brands and global vehicle imaging industry also contributed to the increase in Group's revenue.

Revenue generated from the Optical Components business segment increased by approximately 3.7% to approximately RMB584.9 million as compared with the corresponding period of last year. The increase in revenue was mainly due to the rise in shipment volume of lens sets products, such as handset lens sets and vehicle lens sets and the rise in the average selling price of handset lens sets resulting from the improvement in its product mix.

Revenue generated from the Optoelectronic Products business segment increased by approximately 48.1% to approximately RMB3,138.5 million as compared with the corresponding period of last year. The increase in revenue was mainly attributable to the substantial rise in shipment volume and the improvement in product mix.

Revenue generated from the Optical Instruments business segment increased by approximately 10.5% to approximately RMB112.7 million as compared with the corresponding period of last year. The reason for the increase in revenue was that the Group benefited from the growth in the market demand for scientific instruments.

Gross Profit and Margin

The gross profit for the first half of financial year 2014 was approximately RMB561.6 million, and the gross profit margin was approximately 14.6%, which was approximately 1.2 percentage points lower as compared with that of the corresponding period of last year. 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 had 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 26.6%, 10.9% and 35.9% respectively (corresponding period of 2013: approximately 22.8%,12.1% and 36.7%, respectively).

Selling and Distribution Expenses

For the six months ended 30 June 2014, selling and distribution expenses slightly increased by approximately 1.9% or approximately RMB0.8 million to approximately RMB42.9 million as compared with the corresponding period of last year, accounting for approximately 1.1% of the Group's revenue, which was approximately 0.4 percentage point lower than that of the corresponding period of last year. The increase in absolute value was primarily due to the increase in costs of selling, marketing and distribution personnel resulted from the growth in sales activities.

R&D Expenditure

R&D expenditure increased by 46.6% from approximately RMB101.7 million for the six months ended 30 June 2013 to approximately RMB149.2 million for the corresponding period of 2014, accounting for approximately 3.9% of the Group's revenue during the period under review, which was approximately 0.2 percentage point higher than that of the corresponding period of last year. The increase was attributable to the Group's continuous investment in R&D activities and business development. The R&D expenditure was primarily used in the R&D of high-specification handset lens sets and camera modules, vehicle lens sets, infrared products, security surveillance systems, mid- to high-end optical instruments and the upgrade of existing product categories.

Administrative Expenses

Administrative expenses represented approximately 2.6% of the Group's revenue during the period under review which was approximately 0.3 percentage point lower than that of the corresponding period of last year. The administrative expenses increased from approximately RMB80.6 million during the six months ended 30 June 2013 to approximately RMB100.7 million for the corresponding period of 2014, representing an increase of approximately 24.9%. The increase in overall administrative expenses was mainly attributable to the increase in the headcount of administrative staff, the increase in remuneration, the grant of Restricted Shares and the corresponding increase of relevant fringe benefits.

Income Tax Expense

Income tax expense increased from approximately RMB40.5 million during the six months ended 30 June 2013 to approximately RMB46.7 million for the corresponding period of 2014. The increase was mainly attributable to the growth in earnings. The Group's effective tax rate was approximately 15.6% for the first half of the year and approximately 17.2% for the corresponding period of last year. In order to keep the effective tax rate steady in the future, currently several subsidiaries of the Group in the PRC have successfully applied for the status of Hi-Tech enterprises. The 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:

	2013	**2014**	**2015**	**2016**
*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 Company Ltd. ("**Sunny Infrared**")	15.0%	**15.0%**	15.0%	15.0%
*#Shanghai Sunny Hengping Scientific Instrument Co., Ltd. ("**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%
*Suzhou Shun Xin Instruments Co., Ltd. ("**Suzhou Shun Xin Instruments**")	15.0%	**15.0%**	15.0%	15.0%
Sunny Optics (Tianjin) Co., Ltd. ("**Sunny Tianjin Optics**")	25.0%	**25.0%**	25.0%	25.0%
Hangzhou Sunny Security Technology Co., Ltd. ("**Sunny Security**")	25.0%	**25.0%**	25.0%	25.0%
Xinyang Sunny Optics Co., Ltd. ("**Sunny Xinyang**")	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 Advanced Instruments Co., Ltd. ("**Sunny Advanced Instruments**")	25.0%	**25.0%**	25.0%	25.0%

* Companies recognized as Hi-Tech enterprises prior to the balance sheet date

\# At the date of this announcement, these companies are in the progress of applying for the status of Hi-Tech enterprises

Profit for the Period and Net Profit Margin

Profit for the period increased by approximately 30.2% from approximately RMB194.9 million for the six months ended 30 June 2013 to approximately RMB253.8 million as of 30 June 2014. The increase in net profit was mainly attributable to the increase in gross profit and effective control on operating expenses. The net profit margin was approximately 6.6% (corresponding period of 2013: approximately 7.0%).

Profit for the Period Attributable to Owners of the Company

Profit for the period attributable to owners of the Company amounted to approximately RMB256.9 million, representing an increase of approximately RMB60.1 million or approximately 30.5% as compared with approximately RMB196.8 million for the corresponding period of last year.

Interim Dividend

For the year ended 31 December 2013, the dividend proposed by the Board was approximately RMB0.121 (equivalent to HK$0.154) per share, with payout ratio of approximately 30.1% of the profit attributable to owners of the Company for the year. Such dividend was paid to shareholders in June 2014.

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (corresponding period of 2013: nil).

BUSINESS REVIEW

Looking back on the first half of 2014, affected by the slow global economy recovery and the fact that the European and American areas have not yet stepped out of the shadow of the economic crisis, the pace of China's economic growth remained slow. The smartphone market maintained a continuing but notably slowing growth. By seizing the favorable opportunities arising from the development of mobile internet, domestic smartphone makers explored and actively penetrated into the overseas markets while persistently cultivated the domestic market, and have thereby gained larger market share, becoming an important impetus in driving the development of the global smartphone market and its related industries. On the other hand, against the industry background that the telecom industry in China has fallen within the scope of the value-added tax ("**VAT**") reform pilot program since June and the three largest telecom operators were gradually reducing or eventually eliminated the subsidies for 2G/3G handsets, the landscape of competition in the smartphone market will inevitably be subject to changes, and the traditional open channels and the emerging e-commerce business model are going to embrace new development opportunities. Meanwhile, benefited from the further issuance of 4G licenses in China, some domestic smartphone makers have proactively started their market deployment in 4G market. The Group also acted swiftly and proactively in response to the ever evolving industry, and, with an efficient consolidation of its effective resources, achieved stable development in various business sectors.

During the first half of 2014, the global smartphone shipment volume reached 576.8 million units (data from International Data Corporation ("**IDC**")), while the smartphone shipment volume in China amounted to 203.1 million units (data from Analysis International Group). On 31 March 2014, the U.S. National Highway Traffic Safety Administration published new rules to require that all light vehicles produced after 1 May 2018 have to be equipped with rear cameras to increase security when in reverse.

During the period under review, the Group continued to accelerate the implementation of its development strategies of "Speeding Up the Implementation of Transformation and Upgrade", to increase its investment in new products and new technologies and to actively consolidate its effective resources, so as to strengthen its own comprehensive competitiveness, to proactively enhance its marketability in the overseas markets while keep on cementing its leading position in the domestic market. During the period under review, all the business segments of the Group were progressing satisfactorily. All of the three major business segments, namely Optical Components, Optoelectronic Products and Optical Instruments, achieved growth. Upon entering into the Strategic Cooperation Agreements between the Group and Konica Minolta Optical Products (Shanghai) Co., Ltd. ("**OMS**") in 2013, Shanghai Sunny Yangming Precision Optics Co., Ltd. ("**Sunny Shanghai Optics**"), the newly established wholly-owned subsidiary of the Group, has started production as a production base of handset lens sets since 1 April 2014. The Group also successfully launched mass production of 10-mega pixel handset lens sets for Sony and some domestic branded customers. Besides, 3D camera is turning into the fad and trend of consumer electronics devices. The Group took a proactive manner in its strategic planning. As early as January 2014, the Group has invested US$1,000,000 in MantisVision Ltd., a 3D vision technology company in Israel, with a view to offering itself a valuable opportunity to tap into the "3D image" industry. During the period under review, the Group has been selected by Google Inc. as one of its cooperative partners in developing 3D smartphone Project Tango, and the only component supplier in providing cameras with 3D function.

During the period under review, with a view to enhancing its capabilities of R&D, the Group increased its investment in R&D, which in return solidified the technological leadership of its existing products in the industry, and further strengthened the market competition advantages of those products. In respect of Optical Components business segment, 5-mega pixel wide-angle lens sets have been mass produced; the mass production of 13-mega pixel handset lens sets has also been launched; the R&D of 13-mega pixel (FNO1.8), 13-mega pixel (ultrathin) and 13-mega pixel Optical Image Stabilization ("**OIS**") handset lens sets have been completed; the R&D of 16-mega pixel handset lens sets has been completed; the production lines for handset lens sets have launched the automatic assembling and the automatic testing, which significantly improved the production efficiency and the yield rate, and thus reduced labor costs; and a variety of new vehicle lens sets had their R&D completed and the mass production launched. In respect of Optoelectronic Products business segment, the R&D of handset camera modules with OIS function has been completed; besides, the "high-pixel camera module and burning method for chip" have been granted with national invention patent; and the self-developed active alignment ("**AA**") equipments were applied on the production lines, which effectively improved the production efficiency and the product quality, providing a reliable guarantee for the Company to offer customers with products of higher specification and with higher price-performance ratio. Currently, the Group has obtained 184 patents and 110 patent applications are pending for approval.

For other areas in which the Group involves, the rapid development of the market demand for security surveillance pushed forward the outstanding growth of the security surveillance lens sets. The infrared imaging system experienced further expansion, with broader application and greater potential. The Group will further explore development opportunities that may lead to a more rapid growth in the relevant businesses, to enhance the contributions of sales and profits from such businesses as soon as practicable.

The Group was awarded numerous honours and recognitions during the period under review. For Optoelectronic Products business segment, Sunny Opotech was awarded "2013 Quality Management Excellent Prize" by Huawei Technologies Co., Ltd ("**Huawei**"), which was the only supplier of handset camera modules being awarded this prize. Besides, the Company was awarded "Gold Award for Core Supplier" by Huawei. In addition, the Company was awarded "Gionee 2013 Excellent Cooperation Partner" by Gionee Communication Equipment Co., Ltd. The Company was awarded "Excellent Technology Supporter" with its technological advantage by Xiaomi Technology Co., Ltd. Furthermore, the Company was the only handset camera module supplier worldwide which was awarded "Outstanding Serviceability Prize" by Lenovo Group Limited. Moreover, the Company was awarded "2014 1st Quarter Excellent Supplier Prize" by Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. These prizes indicated that our product quality, quality management level and capabilities of innovation, technology and service have been highly recognized by the clients, which would encourage the Company to supply better products and services. On the other hand, Sunny Opotech was recognized as the "Excellent Innovative Enterprise" by National Electronic Information Industry, reflecting the support and compliment from the industry association, which would also encourage the Company to implement in-depth reform and innovation.

For Optical Components business segment, Sunny Zhongshan won the "Best Quality Prize" from Hangzhou Hikvision Digital Technology Co., Ltd. again, reflecting the clients' recognition of the Company's products and powerful publicity of Sunny Optical's brand. This is conducive to the Company's further development in security and surveillance industry in the future.

Optical Components

Benefited from the sustained growth of markets of smartphones and vehicle lens sets, Optical Components business segment had its product mix optimized and its product structure improved, which in return brought to the business segment a growth. During the period under review, this business segment recorded a revenue of approximately RMB584.9 million, representing an increase of approximately 3.7% as compared with the corresponding period of the last year. This business segment accounted for approximately 15.3% of the Group's total revenue as compared with approximately 20.2% in the corresponding period of the last year.

During the period under review, handset lens sets of the Group recorded a year-on-year growth of approximately 48.0% in shipment volume and had the product structure improved. Among all handset lens sets, the proportion of shipment volume of 5-mega pixel or above products increased from approximately 23.7% in the corresponding period of the last year to approximately 67.8%, in which the proportion of shipment volume of 8-mega pixel or above products was approximately 24.4% as compared with approximately 3.7% in the corresponding period of the last year. The Group continued to mass-produce 8-mega pixel and 5-mega pixel handset lens sets for some famous handset producers in Korea such as Samsung Electro-Mechanics Co., Ltd. Moreover, breakthrough has been achieved by handset lens sets of the Group amongst the domestic smartphone makers, as reflected by the increased domestic market share.

During the period under review, vehicle lens sets of the Group recorded a year-on-year growth of approximately 79.8% in shipment volume and maintained the first place in terms of global market share, with a further increase recorded. Additionally, the Group has initialed cooperative R&D with Mando Corporation, Gentex Corporation and Mobileye etc. for which mass-production can be expected in the second half of 2014.

Optoelectronic Products

Benefited from the rapid development of smartphone market and other mobile device products in the PRC, this business segment achieved a satisfactory performance. During the period under review, revenue from Optoelectronic Products business segment amounted to approximately RMB3,138.5 million, representing an increase of approximately 48.1% over the corresponding period of the last year. This business segment accounted for approximately 81.8% of the Group's total revenue as compared with approximately 76.1% in the corresponding period of last year.

During the period under review, the proportion of shipment volume of handset camera modules with 8-mega pixel or above, among all handset camera modules, increased from approximately 17.7% in the corresponding period of the last year to approximately 41.2%. The proportion of shipment volume of handset camera modules with 10-mega pixel increased from approximately 2.4% in the corresponding period of the last year to approximately 12.6%. The outstanding high resolution products allowed the Group to maintain its leading position in the supply chain for domestic smartphones, and to further increase its market share amongst domestic smartphone makers. The Group's subsidiary established in the U.S. has been working to explore internationally renowned customers under this business segment, which successfully resulted in mass-production for certain projects.

Optical Instruments

During the period under review, affected by the European debt crisis and the slowdown in domestic economic growth, the demand for industrial instruments decreased. However, benefited from the growth of market demand for scientific instruments, revenue from Optical Instruments business segment increased by approximately 10.5% to approximately RMB112.7 million. This business segment accounted for approximately 2.9% of the Group's total revenue, as compared with approximately 3.7% in the corresponding period of the last year.

The PRC government will substantially increase its investment in areas like environmental protection and food safety in the "12^{th} Five-Year Plan", which is expected to propel the demands for high-end optical analytical instruments. On the other hand, the manufacturing industry is in a crucial time of transformation and upgrade in the PRC, and the manufacturers in all fields are energetically promoting application of automation production lines, thereby resulting in increasing market demand for high-end measuring instruments. Therefore, the Group will capitalize on this opportunity to further increase its investment in the R&D and marketing of high-end optical instruments in order to foster its medium- to long-term steady development.

Production

The Group's products are mainly manufactured in five production bases in Yuyao of Zhejiang Province, Zhongshan of Guangdong Province, Shanghai, Tianjin and Xinyang of Henan Province in the PRC respectively. In addition, the Group has established a subsidiary in Silicon Valley, California, the U.S. to provide technical support, marketing and customer base expansion in North America.

OUTLOOK AND FUTURE STRATEGIES

Upholding the mission of building a stronger and bigger Sunny Optical, the management team of the Group strives to make progress with innovation based on the solid foundation. All businesses of the Group have obtained sound development under their leadership. During the period under review, the Group recorded strong performance. In spite of uncertainties continued to overshadow the growth of the global economy, the Group remains positive on its full-year performance like its attitude at the beginning of the year. The Group has been accelerating its business transformation and upgrade, implementing of its development strategies formulated at the beginning of the year and striving to maintain the sound development momentum seen in the first half of 2014.

1. **Continued in-depth exploration and dedicated to and focused on existing business strengths;**

   During the period under review, the Group has utilized its business strengths and will continue to put resources 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 in the second half of the year. Meanwhile, the Group will strengthen the market functions and enhance its market penetration power through its subsidiary in the U.S. The Group will implement "Lean Production", and improve its production management process with an aim to further enhance 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 existing emerging businesses and realize a balanced development;**

   The Group aims to increase the sales of relevant products through further expansion and optimizations of its sales channels of existing emerging businesses. In 2014, 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 realize its sustainable medium- to long-term development.

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

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

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarizes the Group's cash flows for the six months ended 30 June 2013 and 30 June 2014:

	For the six months ended 30 June	
	2014	2013
	RMB million	*RMB million*
Net cash used in operating activities	**(579.8)**	(84.4)
Net cash from investing activities	**349.1**	64.2
Net cash from financing activities	**211.5**	107.6

The Group is self-sufficient and derives its working capital mainly from net cash generated from investing activities and financing activities. The Board expects that the Group will rely on net cash from operating activities, bank borrowings and net proceeds from the placing in the short run to meet its 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 equity financing. There were no material changes in the funding and financial policies of the Group.

The Group recorded the net decrease in net cash and cash equivalents of approximately RMB19.2 million for the six months ended 30 June 2014.

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 nine months ended 30 June 2014, the Net Proceeds from the Placing were utilized and applied as follows:

Usage	**Approximate amount of the Net Proceeds** *(RMB million)*
To expand production capacity for:	
• Handset lens sets	62.7
• Handset camera modules	107.1
• Vehicle lens sets	62.6
To meet general working capital requirement	108.0
Total	340.4

Up to 30 June 2014, approximately 56.0% of the Net Proceeds had been utilized and the Group intended to utilize the remaining balance of approximately RMB267.6 million to optimize production capacity expansion, future development and general working capital of the Company.

Capital Expenditure

For the six months ended 30 June 2014, the Group's capital expenditure amounted to approximately RMB205.4 million, which was mainly used for the purchases of property, plant, equipment and other tangible assets. All of the capital expenditure was financed by internal resources.

CAPITAL STRUCTURE

Indebtedness

Borrowings

Bank loans of the Group as of 30 June 2014 amounted to approximately RMB851.3 million (31 December 2013: approximately RMB488.9 million). Pledged bank deposit of the Group amounted to RMB92.5 million (31 December 2013: approximately RMB113.8 million) was arranged.

As of 30 June 2014, among all bank loans, approximately RMB2.2 million were denominated in Korean Won, while approximately RMB849.1 million were 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 14.7%, reflecting that the Group's financial position was at a sound level.

Bank facilities

As of 30 June 2014, the Group had bank facilities of RMB460.0 million with Yuyao Branch of Agricultural Bank of China, USD15.0 million with Yuyao Branch of Ningbo Bank, USD37.5 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, and USD15.0 million with Yuyao Branch of Bank of Communication.

Debt securities

As of 30 June 2014, the Group did not have any debt securities.

Contingent liabilities

As of 30 June 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 30 June 2014, other than pledged bank deposits of RMB92.5 million.

Capital Commitments

As of 30 June 2014, the Group had capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements amounting to approximately RMB73.7 million (31 December 2013: approximately RMB48.4 million).

As of 30 June 2014, the Group had no other capital commitments save as disclosed above.

OFF-BALANCE SHEET TRANSACTIONS

As of 30 June 2014, the Group did not enter into any material off balance sheet transactions.

PERFORMANCE OF INVESTMENTS MADE AND FUTURE INVESTMENTS

The Group's investing activities mainly include the purchases of property, plant and equipment. For the six months ended 30 June 2014, the Group's investments amounted to approximately RMB205.4 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 technology applications as well as production efficiency, and thus, broadening the sources of revenue. Going forward, the Group intends to invest further on its production capacity to enhance its competitiveness.

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 six months ended 30 June 2014, the effective interest rates on fixed-rate bank loans and variable-rate bank loans were approximately 3.06% and 5.19% per annum respectively. 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 significant portion of its products to and makes purchases from international markets where transactions are denominated in U.S. dollars or other foreign currencies.

EMPLOYEE AND REMUNERATION POLICY

The Group had a total of 14,509 dedicated full-time employees as of 30 June 2014, including 2,127 management and administrative staff, 12,040 production staff and 342 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 purpose of providing incentives and rewards to eligible participants with reference to their contribution to the

Group and enhancing their spirits of ownership. For the six months ended 30 June 2014, no share option was granted or agreed to be granted by the Company under the Share Option Scheme. In addition, as of 30 June 2014, an aggregate of 64,893,250 Restricted Shares have been offered to eligible participants in accordance with the Restricted Share Award Scheme.

OTHER INFORMATION

A. 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 six months ended 30 June 2014.

B. SHARE OPTION SCHEME

On 25 May 2007, the Company adopted a Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company. Eligible participants of the Share Option Scheme include, without limitation, employees, Directors and shareholders of the Group. Up to 30 June 2014, no share option has been granted or agreed to be granted to any person or exercised by any person under the Share Option Scheme.

C. RESTRICTED SHARE AWARD SCHEME

On 22 March 2010 (the "**Adoption Date**"), the Board adopted the Restricted Share Award Scheme. Pursuant to the Restricted Share Award Scheme, the Directors, all employees, senior staff, agents and consultants of the Company and its subsidiaries are entitled to participate in this scheme. The purpose of the Restricted Share Award Scheme is to assist the Company in attracting new talents as well as motivating and retaining its current staff. The Restricted Share Award Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years and be managed by its administrative committee and the trustee. Details of the Restricted Share Award Scheme could be found in the Note 20 of the condensed consolidated financial statements. As at 30 June 2014, an aggregate of 64,893,250 shares have been issued for qualified participants in accordance with the Restricted Share Award Scheme since the Adoption Date, accounting for 5.92% of the shares of the Company in issue.

Pursuant to the Restricted Share Award Scheme, the Company shall transfer cash to the trustee from time to time for the acquisition of shares to be held upon trust for the benefits of the selected participants. Shares granted to the selected participants are subject to restrictions and limitations and will become unrestricted upon vesting at the end of each vesting period. No Restricted Shares will be granted under the Restricted Share Award Scheme if the number of shares granted at any time during the Restricted Share Award Scheme period has exceeded 10% of 1,000,000,000 issued shares of the Company as at the Adoption Date (i.e. 100,000,000 Shares). Apart from the expenses incurred by the trustee attributable to or payable in connection with the vesting of the Restricted Shares which shall be borne by the selected participants, vested shares shall be transferred at no cost to the selected participants.

For the six months ended 30 June 2014, details of movements of the shares issued under the Restricted Share Award Scheme were as follows:

		Number of Restricted Shares					
Date of grant	**Fair value of each share** *(Note)* *HK$*	**1 January 2014**	**Granted during the period**	**Vested during the period**	**Lapsed during the period**	**30 June 2014**	**Vesting period**
7 May 2010	1.637	8,972,250	–	(5,647,750)	(85,000)	3,239,500	From 6 May 2014 to 6 May 2015
14 March 2011	2.67	2,246,500	–	(1,385,500)	(60,000)	801,000	From 13 March 2014 to 13 March 2015
18 August 2011	1.64	2,504,750	–	(22,500)	–	2,482,250	From 17 August 2014 to 17 August 2015
14 March 2012	2.70	3,136,000	–	(962,000)	–	2,174,000	13 March 2016
17 August 2012	3.08	5,535,350	–	–	–	5,535,350	From 16 August 2015 to 16 August 2017
21 December 2012	5.12	90,000	–	–	–	90,000	20 December 2016
9 March 2013	8.10	2,352,000	–	(528,000)	–	1,824,000	From 8 March 2015 to 8 March 2017
13 August 2013	8.69	5,618,000	–	–	–	5,618,000	From 12 August 2016 to 12 August 2017
22 October 2013	7.97	120,000	–	–	–	120,000	21 October 2017
11 March 2014	7.19	–	2,784,000	–	–	2,784,000	10 March 2018
		30,574,850	2,784,000	(8,545,750)	(145,000)	24,668,100	

Note:

The fair value of the shares was calculated based on the closing price per share on the date of grant.

Save as disclosed above, at no time during the period was the Company or its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

D. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS

As of 30 June 2014, so far as the Directors are aware, the following persons or institutions have beneficial interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance ("**SFO**"), Cap 571 of the Laws of Hong Kong, or who is directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name	Long/short position	Type of interest	Number of share	Approximate percentage of shareholding
Sun Xu Limited ("**Sun Xu**")	Long position	Beneficial owner	421,460,060	38.42%
Sun Ji Limited ("**Sun Ji**")	Long position	Interest in a controlled corporation *(Note 1)*	421,460,060	38.42%
Mr. Wang Wenjian	Long position	Beneficial owner *(Note 2)*	1,296,000	0.12%
	Long position	Interest in a controlled corporation, and trustee and one of beneficiaries of a trust *(Note 3)*	421,460,060	38.42%
Equity Trust (HK) Limited	Long position	Interest in a controlled corporation and trustee of a trust *(Note 4)*	421,460,060	38.42%
Mr. Ye Liaoning	Long position	Beneficial owner *(Note 5)*	2,160,000	0.20%
	Long position	Beneficiary of a trust *(Note 6)*	421,460,060	38.42%
Mr. Sun Yang	Long position	Beneficial owner *(Note 7)*	2,160,000	0.20%
	Long position	Beneficiary of a trust *(Note 8)*	421,460,060	38.42%
Mr. Wang Wenjie	Long position	Beneficial owner *(Note 9)*	1,128,000	0.10%
	Long position	Beneficiary of a trust *(Note 10)*	421,460,060	38.42%

Notes:

(1) As Sun Ji owns more than one-third of the voting power of general meetings of Sun Xu, Sun Ji is deemed to be interested in the 421,460,060 shares held by Sun Xu under the provisions of SFO.

(2) Mr. Wang Wenjian is taken to be interested as a grantee of 1,296,000 shares granted under the Restricted Share Award Scheme.

(3) As Mr. Wang Wenjian is the sole shareholder of Sun Guang Limited and one of the two trustees (together with Equity Trust (HK) Limited) and one of the beneficiaries of the Sunny Group Employee Offshore Trust, Mr. Wang Wenjian is deemed to be interested in the 421,460,060 shares held by Sun Xu under the provisions of SFO.

(4) As Equity Trust (HK) Limited is one of the two trustees (together with Mr. Wang Wenjian) of the Sunny Group Employee Offshore Trust, Equity Trust (HK) Limited is deemed to be interested in the 421,460,060 shares held by Sun Xu under the provisions of SFO.

(5) Mr. Ye Liaoning is taken to be interested as a grantee of 2,160,000 shares granted under the Restricted Share Award Scheme.

(6) Mr. Ye Liaoning is a beneficiary under the Sunny Group Employee Offshore Trust, under which he is entitled to 7.39% of the beneficial interest. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 92.32% equity interest in Sun Xu, which in turn owns 421,460,060 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Ye Liaoning is deemed to be interested in 421,460,060 shares under the SFO.

(7) Mr. Sun Yang is taken to be interested as a grantee of 2,160,000 shares granted under the Restricted Share Award Scheme.

(8) Mr. Sun Yang is a beneficiary under the Sunny Group Employee Offshore Trust, under which he is entitled to 1.40% of the beneficial interests. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 92.32% equity interest in Sun Xu, which in turn owns 421,460,060 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Sun Yang is deemed to be interested in 421,460,060 shares under the SFO.

(9) Mr. Wang Wenjie is taken to be interested as a grantee of 1,128,000 shares granted under the Restricted Share Award Scheme.

(10) Mr. Wang Wenjie is a beneficiary under the Sunny Group Employee Offshore Trust, under which he is entitled to 4.69% of the beneficial interests. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 92.32% equity interest in Sun Xu, which in turn owns 421,460,060 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Wang Wenjie is deemed to be interested in 421,460,060 shares under the SFO.

Definition of terms:

– "Equity Trust (HK) Limited" refers to the additional trustee of the Sunny Group Employee Offshore Trust appointed pursuant to the Deed of Appointment of Additional Trustee dated 2 July 2011; and

– "Sunny Group Employee Offshore Trust" refers to a trust established on 28 July 2006 on the entire issued share capital of Sun Ji

Save as disclosed above, as of 30 June 2014, no other shareholder of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

E. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES

As of 30 June 2014, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or of any associated corporations (with the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**"), were as follows:

Name of Director	Name of Corporation	Long/short position	Capacity/nature of interest	Number of shares	Approximate percentage of shareholding
Mr. Wang Wenjian	The Company	Long position	Trustee and Beneficiary of a trust *(Note 1)*	421,460,060	38.42%
	The Company	Long position	Beneficial owner *(Note 2)*	1,296,000	0.12%
Mr. Ye Liaoning	The Company	Long position	Beneficiary of a trust *(Note 3)*	421,460,060	38.42%
	The Company	Long position	Beneficial owner *(Note 4)*	2,160,000	0.20%
Mr. Sun Yang	The Company	Long position	Beneficiary of a trust *(Note 5)*	421,460,060	38.42%
	The Company	Long position	Beneficial owner *(Note 6)*	2,160,000	0.20%
Mr. Wang Wenjie	The Company	Long position	Beneficiary of a trust *(Note 7)*	421,460,060	38.42%
	The Company	Long position	Beneficial owner *(Note 8)*	1,128,000	0.10%

Notes:

(1) Mr. Wang Wenjian is one of the two trustees (together with Equity Trust (HK) Limited) and one of the beneficiaries of the Sunny Group Employee Offshore Trust. The Sunny Group Employee Offshore Trust is a trust on the entire issued share capital of Sun Ji. Sun Ji owns 92.32% equity interest in Sun Xu, which in turn owns 38.42% of the issued share capital of the Company. Accordingly, Mr. Wang Wenjian is deemed to be interested in 421,460,060 shares under the SFO.

(2) Mr. Wang Wenjian is taken to be interested as a grantee of 1,296,000 shares granted under the Restricted Share Award Scheme.

(3) Mr. Ye Liaoning is a beneficiary under the Sunny Group Employee Offshore Trust, under which he is entitled to 7.39% of the beneficial interest. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 92.32% equity interest in Sun Xu, which in turn owns 421,460,060 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Ye Liaoning is deemed to be interested in 421,460,060 shares under the SFO.

(4) Mr. Ye Liaoning is taken to be interested as a grantee of 2,160,000 shares granted under the Restricted Share Award Scheme.

(5) Mr. Sun Yang is a beneficiary under the Sunny Group Employee Offshore Trust, under which he is entitled to 1.40% of the beneficial interests. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 92.32% equity interest in Sun Xu, which in turn owns 421,460,060 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Sun Yang is deemed to be interested in 421,460,060 shares under the SFO.

(6) Mr. Sun Yang is taken to be interested as a grantee of 2,160,000 shares granted under the Restricted Share Award Scheme.

(7) Mr. Wang Wenjie is a beneficiary under the Sunny Group Employee Offshore Trust, under which he is entitled to 4.69% of the beneficial interests. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 92.32% equity interest in Sun Xu, which in turn owns 421,460,060 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Wang Wenjie is deemed to be interested in 421,460,060 shares under the SFO.

(8) Mr. Wang Wenjie is taken to be interested as a grantee of 1,128,000 shares granted under the Restricted Share Award Scheme.

Other than as disclosed above, none of the Director and chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as of 30 June 2014.

F. CORPORATE GOVERNANCE

Code of Corporate Governance Practices

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability and to maximize the shareholders' benefits.

For the six months ended 30 June 2014, the Company complied with all the principles and code provisions and most of the recommended best practices of the Code on Corporate Governance Practices ("**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rule**").

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 period ended 30 June 2014.

G. AUDIT COMMITTEE

The audit committee comprises of 3 independent non-executive Directors, namely, Mr. Zhang Yuqing as the committee chairman, Mr. Chu Peng Fei Richard and Dr. Liu Xu. The audit committee and the Company's external auditor have reviewed and discussed matters relating to auditing, internal controls and financial statements, including a review of the unaudited financial statements for the six months ended 30 June 2014.

H. INVESTOR RELATIONS AND COMMUNICATIONS

The Company recognizes the importance of the shareholders' right to understand its businesses and prospects, and therefore has always taken a proactive approach to communicate with the investment community, including institutional investors and retail investors.

Newsletter is sent to investors every month to improve the Group's transparency. Immediately after the annual results announcement in March, the Company held a results announcement conference and a couple of one-on-one meetings in Hong Kong, and then participated in the "Technology & Beyond Conference" held by Merrill Lynch & Co., Inc., the "Second Annual Asia Technology, Media, Telecoms ("**TMT**") and Internet Conference" by Morgan Stanley Group and the "17th Asian Investment Conference" by Credit Suisse (Hong Kong) Limited. In May, the Company convened its annual general meeting in Hong Kong, and then participated in the "Greater China Conference" held by Macquarie Group, the "2014 Spring Forum of Listed Companies" by Haitong Securities Co., Ltd., the "5th Annual Asia Pacific TMT Conference" by BNP Paribas Bank, the "Pan-Asia Technology Forum" by Nomura International (Hong Kong) Limited, and a Non-deal Roadshow in Singapore organized by Merrill Lynch & Co., Inc. and China International Capital Corporation Limited. In June, the Company organized a Reverse Roadshow at our headquarters in Yuyao City, Zhejiang Province, and then participated in the "Asia Optical Corporate Day" held by Goldman Sachs Group, the "Second Annual China Discovery Forum" by The Hongkong and Shanghai Banking Corporation Limited, the "2014 Interim Strategy Conference" by Guosen Securities Co., Ltd. and the "UBS Taiwan Conference 2014" by United Bank of Switzerland, in a view to maintain close contacts and sound communications with investors.

The Group's website (http://www.sunnyoptical.com) offers timely access to the Group's press releases and other business information. Through its website, the Group provides shareholders with the electronic version of the financial reports, the latest slides presented at investors' conferences, as well as the up-to-date news about the Group's business, announcements and general information, etc. To make contributions to environmental protection and maintain effective communication with shareholders, the Group encourages all shareholders to browse the Group's information on the Group's website.

The Group has a dedicated team to maintain contact with investors and to handle shareholders' inquiries. 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).

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

Hong Kong, 15 August 2014

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, 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.