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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)

**IMPACT OF FLOODING ON THE COMPANY
AND
RESUMPTION OF PRODUCTION**

Reference is made to the announcement of the Company dated 15 October 2013 in relation to suspension of production facilities in Yuyao City due to severe flooding thereof.

The Board wishes to inform shareholders of the Company and potential investors that majority of the production facilities of the Group in Yuyao City have resumed productions at their normal capacities as at the date of this announcement.

This announcement is made by Sunny Optical Technology (Group) Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 15 October 2013 in relation to suspension of production facilities in Yuyao City, Zhejiang Province, the PRC (“**Yuyao City**”) due to severe flooding thereof.

The board of directors (the “**Board**”) of the Company wishes to inform its shareholders and potential investors that the production facilities of handset camera modules, glass spherical lenses, vehicle lens sets and optical instruments and infrared related products in Yuyao City have resumed productions at their normal capacities as at the date of this announcement. About half of the production facilities of handset lens sets has resumed to its normal capacity as at the date of this announcement and the resumption of the remaining production facilities is expected to be in a month’s time. Since the Group has made outsourcing arrangement, the delivery of handset lens sets products to customers will not be affected by the partial temporary suspension of production facilities.

The Group has insurance policies in place to cover damages to inventories and equipment incidental to the flooding. The Company is liaising with (i) the insurer in respect of insurance claim, and (ii) customers in respect of timing for delivery of products and (iii) suppliers of equipment in respect of repair and replacement of damaged equipment. With the measures taken to minimize the impact of temporary suspension of production facilities on the Group’s customers,

the Group has not suffered from any material loss of purchase order from customer. Should there be any material negative impact on the Group's financial results arising from the flooding in Yuyao City, the Company will make a further announcement.

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

China, 18 October 2013

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