

To: Business Editors
[For Immediate Release]



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) (於開曼群島註冊成立的有限公司)

Sunny Optical Announces 2013 Annual Results

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Revenue Up 45.9%;
Profit for the Year Attributable to Owners of the Company
Increased by 27.2%

Financial Highlights (For the year ended 31 December)			
	2013 (RMB '000)	2012 (RMB '000)	Change
Revenue	5,812,711	3,984,296	+45.9%
– Optical Components	1,163,587	1,308,890	-11.1%
– Optoelectronic Products	4,416,372	2,490,564	+77.3%
– Optical Instruments	232,812	184,842	+26.0%
Gross Profit	967,081	741,181	+30.5%
Profit for the Year Attributable to Owners of the Company	440,498	346,274	+27.2%
Basic Earnings per Share (RMB cents)	44.3	36.0	+23.2%
Proposed Final Dividends per Share (RMB cents)	12.1	10.5	+15.2%

【12 March 2014, Hong Kong】 The leading integrated optical components and products producer in the PRC, **Sunny Optical Technology (Group) Company Limited** (“**Sunny Optical**” or the “**Company**”, stock code: 2382.HK, together with its subsidiaries, the “**Group**”), today announced its annual results for the year ended 31 December 2013 (“year under review”).

The Group has achieved satisfactory growth in its results for the year in 2013, with its revenue rose by 45.9% compared to the corresponding period of last year, to approximately RMB5,812.8 million. The Group’s gross profit during the year under review increased by 30.5% to approximately RMB967.1 million. Thanks to the effective control of operating expenses, profit for the year attributable to owners of the Company increased by 27.2% to approximately RMB440.5 million. Basic earnings per share amounted to approximately RMB44.3 cents.

The Board of directors of the Company proposed payment of a final dividend of approximately RMB12.1 cents per share (equivalent to HK\$15.4 cents) for the year ended 31 December 2013.

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During the year under review, the increase in both revenue and profit were benefited from the rapid growth of smartphone market and the rapid development of application of vehicle lens sets. The Group has made further progress in respect of R&D, production and sales, and obtained remarkable achievements in various aspects.

Commenting on the Group's performance during the year under review, Mr. Ye Liaoning, Chairman of the Board of directors of Sunny Optical, said, "Looking back at 2013, while the pace of economic recovery remained slow worldwide, the PRC government adopted a series of measures to regulate its macroeconomy. Within such a complicated environment in board and abroad, every industry has been facing many challenges. During the previous year, the Group recorded satisfying performance growth in Optoelectronic Products and Optical Instruments business segments. Such achievements revealed the Group's efforts in implementing its development strategies of 'Dedicated to and Focused on Existing Advantageous Businesses' and 'Speeding Up the Implementation of Transformation and Upgrade'. Besides, the Company is committed to researching and developing products and technologies with innovations, aiming to expand its market presence and enhance its competitive strengths."

During the year under review, benefited from the rapid development of smartphone market and other mobile devices products in the PRC, revenue from Optoelectronic Products business segment amounted to approximately RMB4,416.4 million, representing an increase of approximately 77.3% over the corresponding period of the last year. This business segment accounted for approximately 76.0% of the Group's total revenue as compared with approximately 62.5% in the last year. During the year under review, the proportion of shipment volume of handset camera modules with 5-mega pixel or above, among all handset camera modules, increased from approximately 28.4% in the corresponding period of the last year to approximately 56.2%, in which the proportion of shipment volume of modules with 8-mega pixel or above was approximately 21.3% as compared with approximately 5.7% in the corresponding period of the last year. The mass production of 16-mega pixel handset camera modules has been launched. Our outstanding high resolution products allowed the Group to maintain its leading position in the supply chain for domestic smartphones.

The Group's subsidiary established in the U.S. has been working to explore internationally renowned customers under this business segment. Three-dimensional gesture interaction motion controllers started the mass production for Leap Motion Inc. and realized revenue of more than a hundred million RMB. During the year under review, on one hand, the Group succeeded in R&D of various ultra-thin camera modules with high resolution and large aperture and commenced mass production for domestic smartphone manufacturers. On the other hand, the Group continued to invest in automation being applied for manufacturing. Our self-developed techniques and equipment on automation process were expanded and perfected constantly and applied in large scale production, further enhancing the Group's competitive strengths in high-end products.

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For optical instruments market, although the demand for industrial instruments decreased, benefited from the growth of market demand for scientific instruments and the achievements attained from the exploration in new products and new markets, the Optical Instruments business segment of the Group recorded a better result. The revenue from this business segment increased by 26.0% to RMB232.8 million and accounted for 4.0% of the Group's total revenue. The project of "Development and Application of Trans-scale Three-dimensional Optoelectronic Vibrating Measuring Instruments" was supported by the dedicated funds for development of major national scientific instruments and equipment from the Ministry of Science and Technology. The PRC government will substantially increase its public expenditures in areas like health care, education, environmental protection, and food safety in the "12th Five-Year Plan". Moreover, the transformation and upgrade of the manufacturing industry in China drives strong market demands for machineries and equipments for automatic production. Therefore, the Company management expects these policies and development trends to stimulate the demand for mid- to high-end optical analytical and measuring instruments.

During the period under review, due to the weak market demand for digital cameras and slow development of handset lens sets business, the Optical Components business segment recorded a revenue of RMB1,163.6 million, representing a decrease of 11.1% as compared with the corresponding period of the last year. This business segment accounted for approximately 20.0% of the Group's total revenue. The production lines for handset lens sets under the Optical Components business segment have launched the automatic assembling and the automatic testing and continued to propel the "automation-based innovation" project and the "Lean Production", which significantly improved production efficiency and yield rate, and thus reduced labor costs and losses. Having recorded a negative growth on handset lens sets during the year under review, however, its product mix improved continuously. Among all handset lens sets, the proportion of shipment volume of 5-mega pixel or above products increased from approximately 6.3% for the corresponding period of the last year to approximately 32.2%, in which the proportion of shipment volume of 8-mega pixel or above products was approximately 8.6% as compared with approximately 0.1% in the corresponding period of the last year. The Group has begun to mass-produce 8-mega pixel and 5-mega pixel handset lens sets for a famous handset producer in Korea, and also plans to further allocate resources, speed up the development, enhance mass production capability of high resolution products, integrate the resources of Konica Minolta Optical Products (Shanghai) Co., Ltd. ("OMS"), increase the in-house supply of handset lens sets and explore external customers in 2014.

Looking ahead, Mr. Ye Liaoning said, "The prospect for optical and optoelectronic innovative applications and development is promising, and the vehicle imaging field is expected to remain achieving a rapid growth. The Group is committed to exploring potential customers and markets, integrating advantageous resources, enhancing development of new products, improving customer

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base and product mix, speeding up development of new businesses, enhancing management performance, facilitating management innovation, and propelling all business segments with its solid bases, so as to push forward the development of the Group in a steady manner. The Group will continue to implement its 'Speeding Up the Implementation of Transformation and Upgrade' strategy and allocate resources in a more effective way. Capitalizing its extensive experience and technological know-how accumulated in the field of optical and optoelectronic applications, the Group will continue to innovate, and to capture the opportunities arising from intelligentization at mobile devices. The Group will continue to regard 'Mingpeijiao' strategy as its backbone of developing optical applications as its core business to formulate practical corporate development plan, dedicate to and focus on existing business segments, allocate resources to facilitate development of new business lines, perfect its organization, talents and systems, continue its endless exploration and pursuit of the optical field, integrate resources, and give full play to its advantages, with a view to achieving satisfactory returns for shareholders ultimately."

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About Sunny Optical:

Sunny Optical Technology (Group) Company Limited is a leading integrated optical components and products manufacturer in China. The Group is principally engaged in the design, research and development, manufacturing 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 lens sets), optoelectronic products (such as handset camera modules, smart TV video modules, 3D optoelectronic products, security surveillance cameras and other optoelectronic modules) and optical instruments (such as microscopes, optical measuring instruments and optical analytical instruments). We focus on the market of optoelectronic related products, such as handsets, digital cameras, vehicle imaging systems, smart TV video systems, security surveillance systems, optical surveying instruments and optical analytical instruments, which are combined with optical, electronic and mechanical technologies. The Group is currently a very important components supplier in China smartphone market.

Issued by Porda Havas International Finance Communications Group for and on behalf of **Sunny Optical Technology (Group) Company Limited**.

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