

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 2014 Interim Results

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Revenue Up 37.7%;
Profit for the Period Attributable to Owners Increased by 30.5%

Financial Highlights (For the six months ended 30 June)			
	2014 (RMB '000)	2013 (RMB '000)	Change
Revenue by business segments	3,836,139	2,785,719	37.7%
– Optical Components	584,850	563,866	3.7%
– Optoelectronic Products	3,138,547	2,119,820	48.1%
– Optical Instruments	112,742	102,033	10.5%
Gross Profit	561,613	440,437	27.5%
Profit for the Period Attributable to Owners of the Company	256,851	196,821	30.5%
Basic Earnings per Share (RMB cents)	24.05	20.39	17.9%

【15 August 2014, Hong Kong】 The leading integrated optical components and products producer in the PRC, **Sunny Optical Technology (Group) Company Limited** (the “Company” or “Sunny Optical”, together with its subsidiaries, the “Group”)(Stock Code: 2382.HK), today announced its interim results for the six months ended 30 June 2014 (“period under review”).

The Group has achieved satisfactory growth in its results for the first half of 2014, with its revenue rose by 37.7% compared to the corresponding period of last year, to approximately RMB3,836.1 million. During the period under review, the Group’s gross profit increased by 27.5% to approximately RMB561.6 million. Thanks to the effective control of operating expenses, profit for the period attributable to owners of the Company increased by 30.5% to approximately RMB256.9 million. Basic earnings per share amounted to approximately RMB24.05 cents.

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 camera adoption. Besides, 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.

Commenting on the Group’s performance during the period under review, Mr. Ye Liaoning, Chairman of the Board of Directors of Sunny Optical, said, “Looking back into the first half of 2014, influenced 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, China’s economic growth remained slow. However, during the period under review, the Group continued to accelerate the implementing of our 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 our own comprehensive competitiveness, to proactively enhance our marketability in the overseas markets while keep on cementing our leading position in the domestic market. As a result, all of the three major business segments, namely Optical Components, Optoelectronic Products and Optical Instruments, achieved growth. On the other hand, with a view to enhancing our capabilities of R&D, the Group increased investment in R&D, which in return solidified the technological leadership of our existing products in the industry, and further strengthened the market competition advantages of those products. The Group was awarded numerous honours and recognitions during the period under review.”

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Porda Havas International Finance Communications Group

Units 2009-2018, 20/F, Shui On Centre, 6-8 Harbour Road, Wanchai, HK 香港灣仔港灣道6-8號瑞安中心20樓2009-2018室
T : (852) 3150 6788 F : (852) 3150 6728

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% for 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 Mobiley etc., for which mass-production can be expected in the second half of 2014.

Benefited from the rapid development of smartphone market and other mobile device products in the PRC, Optoelectronic Products business segment achieved a satisfactory performance. During the period under review, revenue from this 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 same 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.

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 "12th 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.

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Looking ahead, Mr. Ye Liaoning said, "Sunny Optical has been accelerating business transformation and upgrade, implementation of development strategies formulated at the beginning of the year and striving to maintain the sound development momentum seen in the first half of 2014. The Group will continue to allocate 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 this year. Meanwhile, the Group will strengthen the market functions and enhance its market penetration power through its subsidiary in the U.S. The Group aims to increasing sales of relevant products through further expansion and optimization of its sales channels of existing emerging businesses. In addition, the Group will continue to enhance management performance and take flexible and in-depth approach to facilitate management innovation. Upholding the mission of building a stronger and bigger Sunny Optical, our management team will strive to make progress with innovation based on the solid foundation."

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About Sunny Optical:

Sunny Optical Technology (Group) Company Limited 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.

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

For further information, please contact:

Porda Havas International Finance Communications Group

Mr. Paul Sham	+852 3150 6730	paul.sham@pordahavas.com
Ms. Susan Chen	+852 3150 6733	susan.chen@pordahavas.com
Ms. Shirley Yan	+852 3150 6766	shirley.yan@pordahavas.com

Fax: +852 3150 6728