



Sunny Optical Technology (Group) Company Limited

舜宇光學科技(集團)有限公司

Stock Code: 2382

2013 Interim Results Announcement Corporate Presentation

August 2013



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Financial Highlights



Financial Highlights

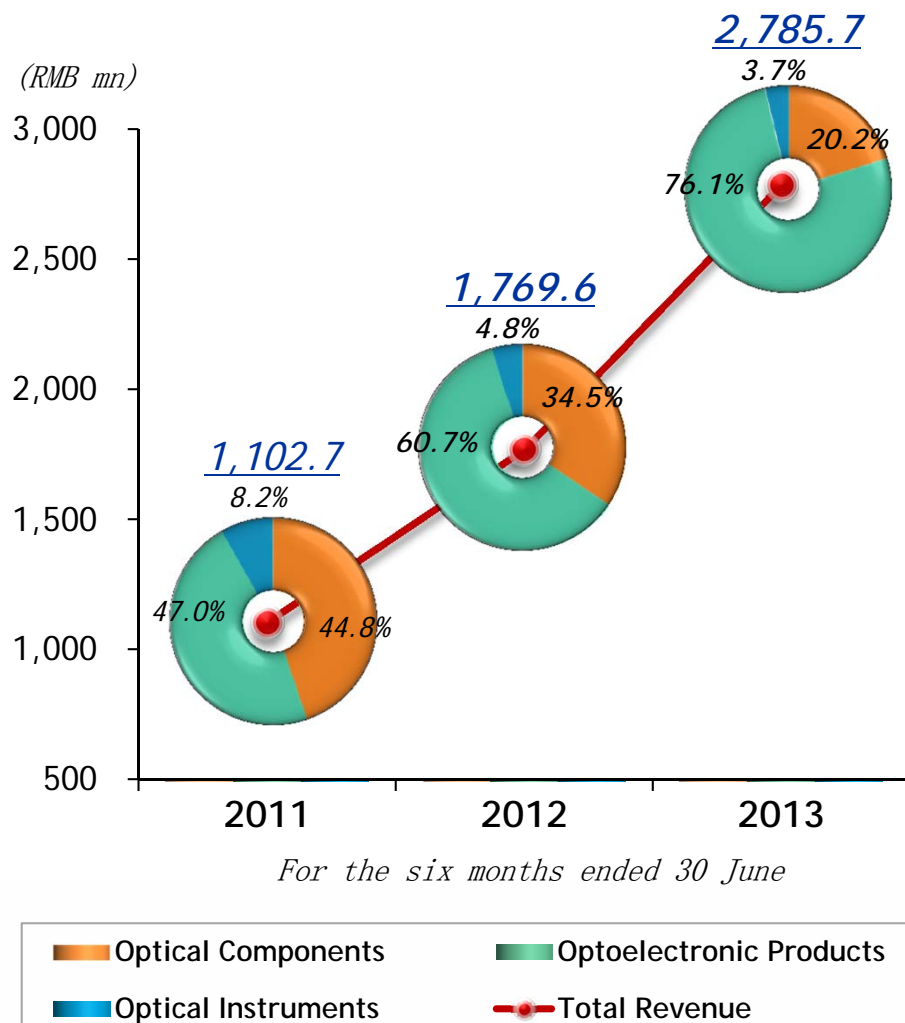


| | 2012 | 2013 | Change |
|---|-------------------------------------|---------|---------|
| <i>(RMB mn)</i> | <i>For six months ended 30 June</i> | | |
| Revenue | 1,769.6 | 2,785.7 | +57.4% |
| Gross Profit | 340.0 | 440.4 | +29.6% |
| Profit Before Tax | 187.5 | 235.4 | +25.5% |
| Income Tax Expense | (32.4) | (40.5) | +25.1% |
| Effective Tax Rate | 17.3% | 17.2% | -0.1ppt |
| Profit for the Period Attributable to Owners of the Company | 156.5 | 196.8 | +25.7% |
| Basic Earnings per Share <i>(RMB cents)</i> | 16.23 | 20.39 | +25.6% |

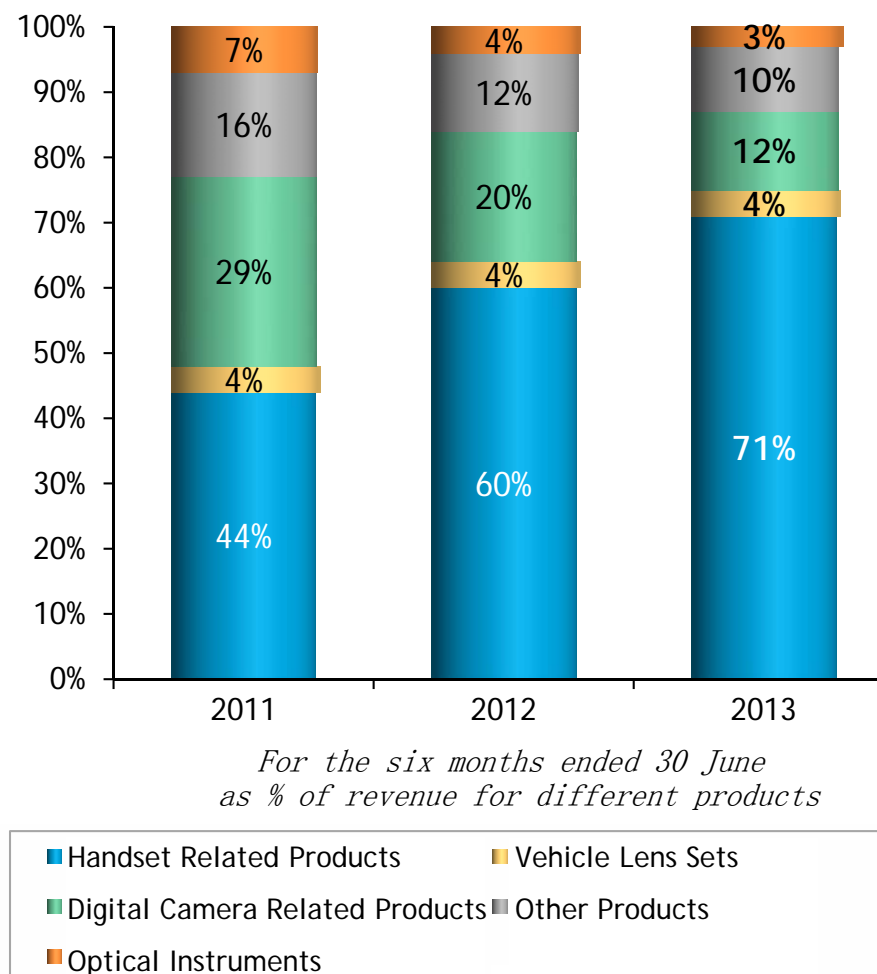
Revenue Breakdown



Business Segments Sales as % of Total Revenue



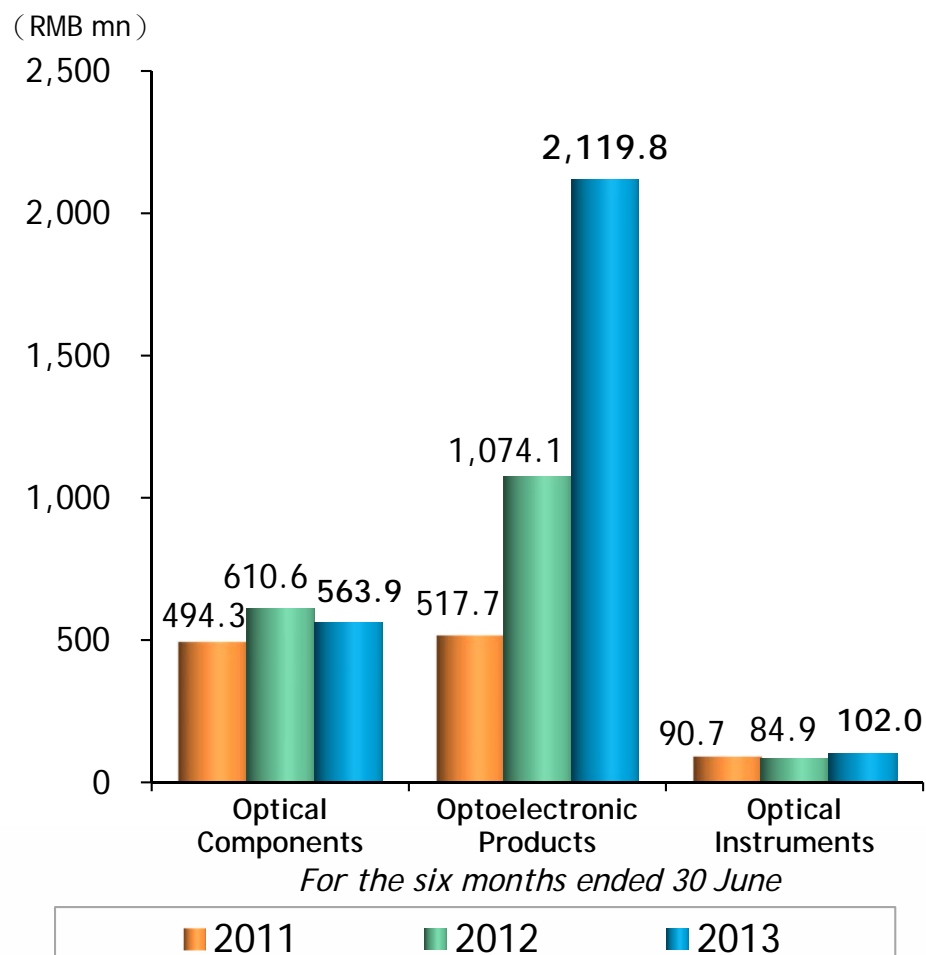
Sales Breakdown by Product Applications



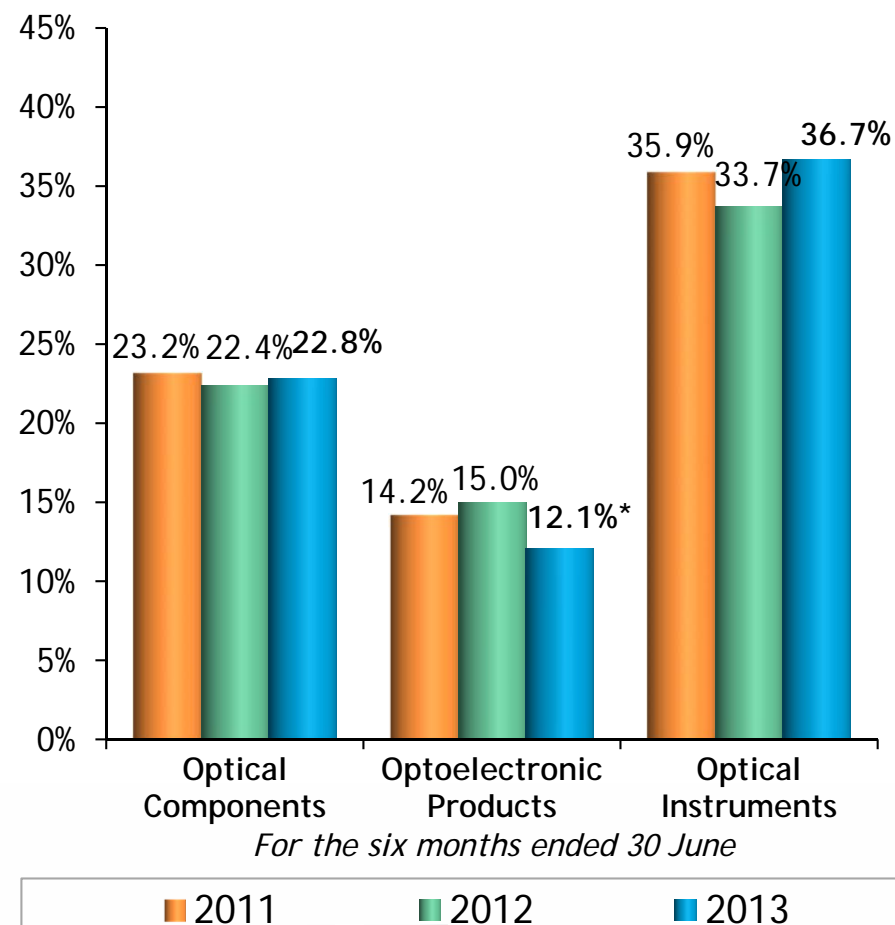
Sales and Gross Margins by Business Segments



Sales by Business Segments



Gross Profit Margins by Business Segments



* Due to the decrease in the price of 5M handset camera module

Operating Expenses Analysis



| | 2011 | | 2012 | | 2013 | |
|-----------------------------------|----------------------------------|-------------------|---------|-------------------|---------|-------------------|
| (RMB mn) | For the six months ended 30 June | | | | | |
| | | (As % of revenue) | | (As % of revenue) | | (As % of revenue) |
| Revenue | 1,102.7 | 100.0% | 1,769.6 | 100.0% | 2,785.7 | 100.0% |
| Total Operating Expenses | 139.2 | 12.6% | 174.8 | 9.9% | 224.4 | 8.1% |
| Selling and Distribution Expenses | 25.9 | 2.4% | 31.6 | 1.8% | 42.1 | 1.5% |
| R&D Expenditure | 51.7 | 4.7% | 67.9 | 3.8% | 101.7 | 3.7% |
| Administrative Expenses | 61.6 | 5.5% | 75.3 | 4.3% | 80.6 | 2.9% |

Solid Financial Position



| | 2011 | 2012 | 2013 |
|--|---|-------|---------|
| | <i>For the six months ended 30 June</i> | | |
| Current Ratio (<i>Times</i>) | 3.1 | 2.3 | 1.8 |
| Operating Cashflow (<i>RMB mn</i>) | 47.3 | 110.5 | (84.4)* |
| Cash and Cash Equivalents (<i>RMB mn</i>) | 752.2 | 650.3 | 533.7 |
| <i>Pledged Bank Deposits (RMB mn)</i> | 48.0 | 131.2 | 0.75 |
| <i>Financial Assets Designated as at Fair Value through Profit and Loss (RMB mn)</i> | 51.0 | 80.0 | 202.5 |
| <i>Bank Guaranteed Entrusted Loan Receivables (RMB mn)</i> | 355.0 | 113.0 | - |
| <i>Bank Balances and Cash (RMB mn)</i> | 298.2 | 326.1 | 330.4 |
| Net cash per share (<i>RMB cents</i>) | 69.0 | 51.8 | 20.83 |
| Gearing Ratio (%) | 4.1 | 5.8 | 9.1 |
| ROE (%) | 5.6 | 8.8 | 9.7 |
| Capital Expenditure (<i>RMB mn</i>) | 94.7 | 179.5 | 118.8 |

* The main reason is that the trade receivables and inventories increased due to the rapid growth of the revenue



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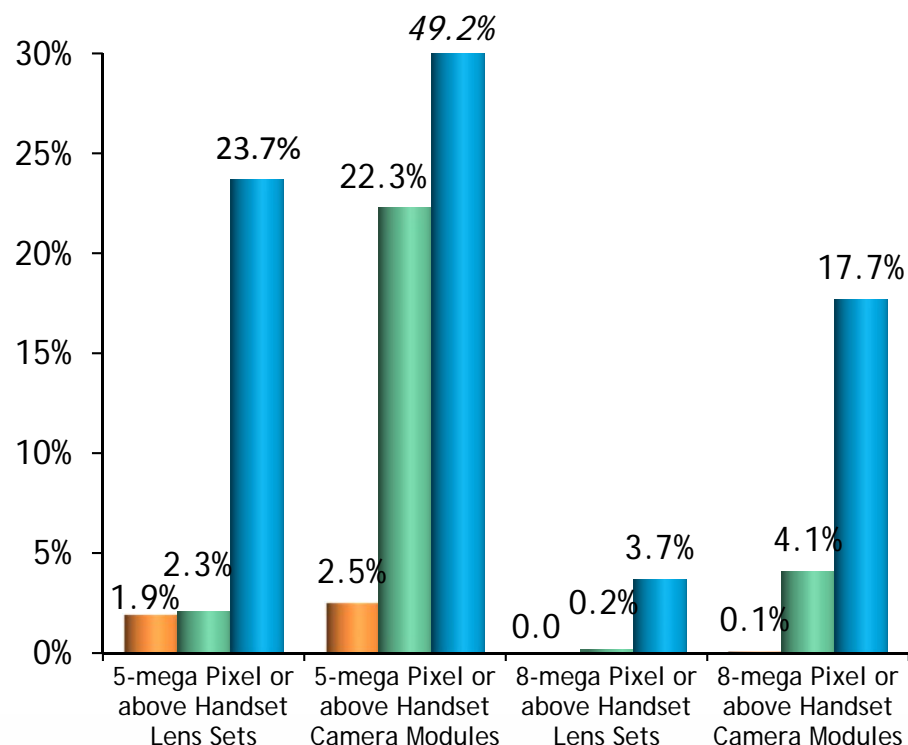
Review of Operations





Benefited From the Rapid Growth of Smartphone Industry Business Performance Improved in the first half of 2013

5-mega Pixel or above Handset Lens Sets and
Handset Camera Modules Shipment Volume
as % of Total Shipment Volume



For the six months ended 30 June

2011 2012 2013

Smartphone related and vehicle lens set businesses recorded favorable results and were the main drivers of the group's growth

Global position and in-depth expansion of the international markets (The Group's U.S. subsidiary achieved good performance. Mass production of the 3D related products were launched.)

Strengthen the Group's R&D capabilities continuously, increase the investment in R&D, all the three major business segments upgraded their respective R&D on the existing products

Processing technology standards were improved, especially propelling the automation process

Successfully transferred partial production lines for digital camera related products to the new production base in Xinyang, Henan Province

Fruitful Achievements in R&D - Hi-tech Barrier



● Unceasing Upgrade of Existing Products Needs Core Technology Competences

- Mass production for 8-mega and 14-mega pixel handset camera modules has been successfully launched
- Mass production for 8-mega pixel handset lens sets has been successfully launched

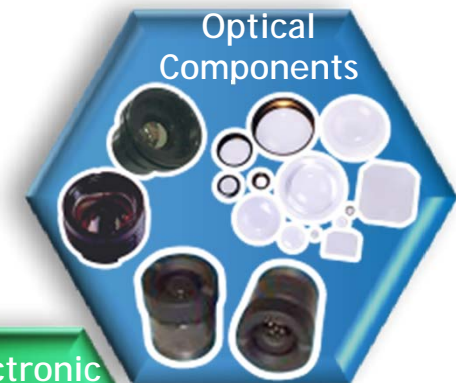
● Development of Products for Emerging Optical Applications Requires Innovation in R&D and Accumulation in Technology

- Mass production of various new vehicle and industrial lens sets was launched
- Completed R&D of various infrared lens sets for vehicles and security surveillances
- Accomplished R&D upgrade for a number of optical analytical instruments oriented for spectrophotometers, gas chromatographs, mass spectrometers and high-end optical measuring machines, including LDV, etc.
- Key projects of optical analytical instruments received special supportive funding from the State
- Three-dimensional Laser Motion Measurement System and Method has obtained the national invention patent
- High-resolution wide-angle lens sets for webcams obtained an national invention patent

● Hi-tech Production and Processing Technology Continuously Upgraded

- Application of automatic production and inspection technology for lens sets has been already in full swing
- Self-developed semi-automatic, automatic camera module testers were widely applied in mass production
- Self-developed automatic video testing technology was applied in testing production lines
- Application of plastic injection molding technology with narrow runway was in full swing
- Mass production for glass aspheric lenses with several cavities per mold was launched

Possessed 152 Patents



Strong Client Base

Top Five Customers

Huawei

Lenovo

Oppo

Gionee

Tinno



Renowned Customers

| <i>DSC Lenses Business</i> | <i>Handset Lens Sets Business</i> | <i>Handsets Camera Modules Business</i> | <i>Optical Instruments Business</i> | <i>Other Businesses</i> |
|---|---|--|---|---|
| <p>Samsung</p> <p>Panasonic</p> <p>Nikon</p> <p>Sony</p> <p>Olympus</p> <p>Konica-Minolta</p> <p>Pentax</p> <p>Topcon</p> <p>Fujinon</p> <p>NEC</p> <p>LG</p> | <p>A Korean Customer</p> <p>Sharp (Nokia)</p> <p>Truly</p> <p>Kerr</p> <p>Global Optics</p> | <p>Huawei</p> <p>ZTE</p> <p>Coolpad</p> <p>Lenovo</p> <p>Oppo</p> <p>Xiaomi</p> <p>Tianyu</p> <p>Sangfei</p> <p>Gionee</p> <p>TCL</p> <p>Sharp</p> <p>Pantech</p> <p>Tinno</p> | <p>Carl Zeiss</p> <p>Optika</p> <p>Amscope</p> <p>Olympus</p> | <p>Magna</p> <p>Continental</p> <p>Delphi</p> <p>Keyence</p> <p>Autoliv</p> <p>Steel-mate</p> <p>TTE</p> <p>Panasonic</p> <p>Fujitsu</p> <p>SMK</p> <p>Sanyo</p> <p>Liteon</p> <p>Primax</p> <p>Ricoh</p> <p>Sindoh</p> <p>Silitech</p> <p>Microtek</p> |

Awards and Recognitions



Corporate Governance





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Outlook and Development Strategies

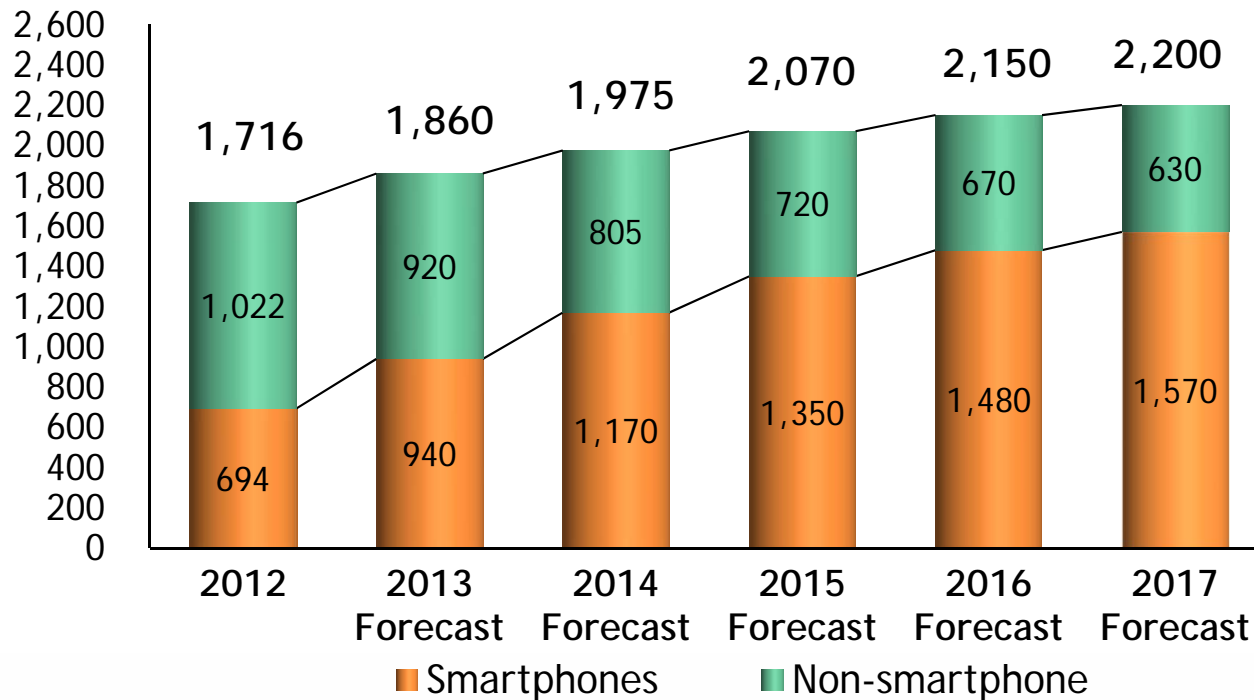


Make In-depth Exploration and Focus on Existing Businesses



*Global Shipment of Handset
(2012 - 2017 Forecast)*

(Units mn)



Source: EM Data

- Exert all the advantages capabilities and improve the respective market share of high-end handset lens sets and camera modules.
- Enhance the exploration capacities of markets through the subsidiary in the U.S.
- Further boost process automation and "Lean Production", in order to play a proper role in maintaining or stably rising gross profit margin.
- Sound industrial transfer strategy to ensure stable production of new production base in Xinyang.

Breakthrough Emerging Businesses and Realise a Balanced Development



- To maintain the biggest market share of vehicle lens sets in the world and further expand it
- To maintain the first position of infrared business in the PRC, and further explore the international market
- Achieving import substitution strategy under the support of national special funds in high-end optical analytical instruments and optical measuring instruments
- Continue to explore new optical applications, especially new developments in innovative optical applications on mobile devices and 3D control and imaging field, identify key emerging businesses to realise the sustainable medium- and long-term development of the Group

Enhance Management Performance and Facilitate Management Innovation



STRENGTHEN MANAGEMENT FUNCTION OF THE GROUP



- Enhance financial management capabilities
- Promote technology innovation by focusing on automation

STABILIZE CORE WORKFORCE



- Innovate in enterprise culture and management model
- Improve performance evaluation system



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Investment Highlights



Investment Highlights



- 29-year track record, currently the largest camera module producer for smartphones in China
- Well-established for sustainable growth
 - Strong demand for lens sets and camera modules of smartphones
 - Rising contribution from vehicle lens sets (Gross Margin > 40%), >20% market share in the global original market
 - Infrared related products (Gross Margin > 50%) started to contribute to the bottom line
 - High-end optical analytical and measuring instruments businesses are in uptrend (Gross Margin > 50% respectively)
- Abundant opportunities for new optical applications, creative optical applications on mobile devices in particular, including 3D control and imaging field, etc.
- Solid financial position with net cash of approximately RMB200mn as at 30 June 2013 (Net cash per share RMB20.83cents)
- A constituent stock of MSCI Global Small Cap Indices

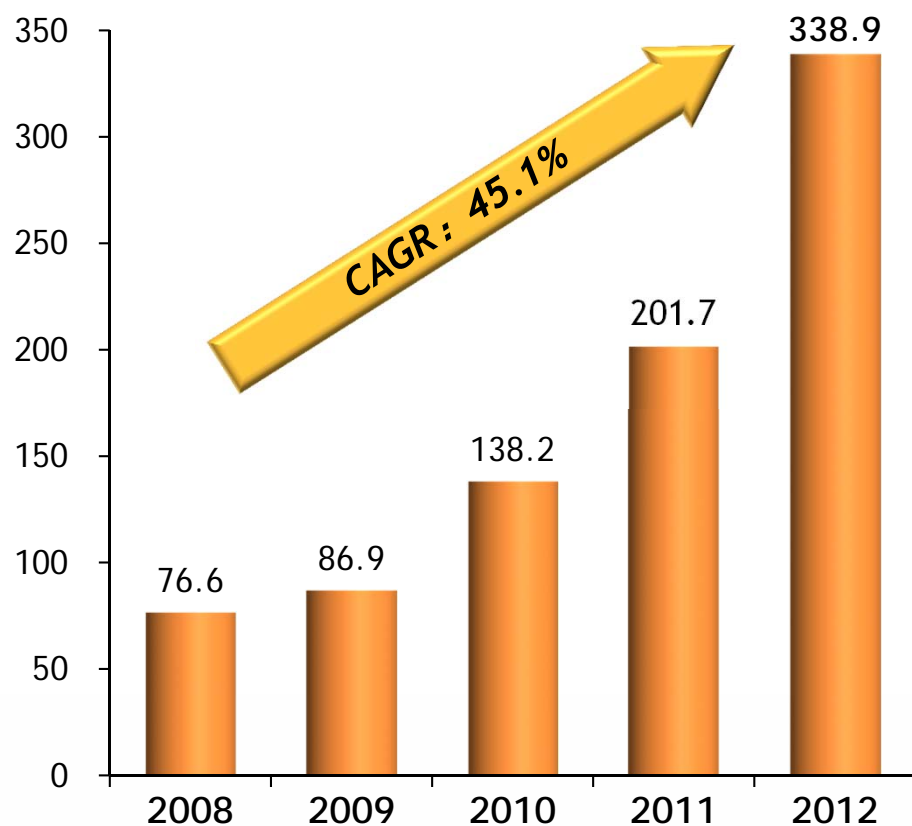
Investment Highlights



CONTINUED GROWTH IN NET PROFIT

Net Profits

(RMB million)

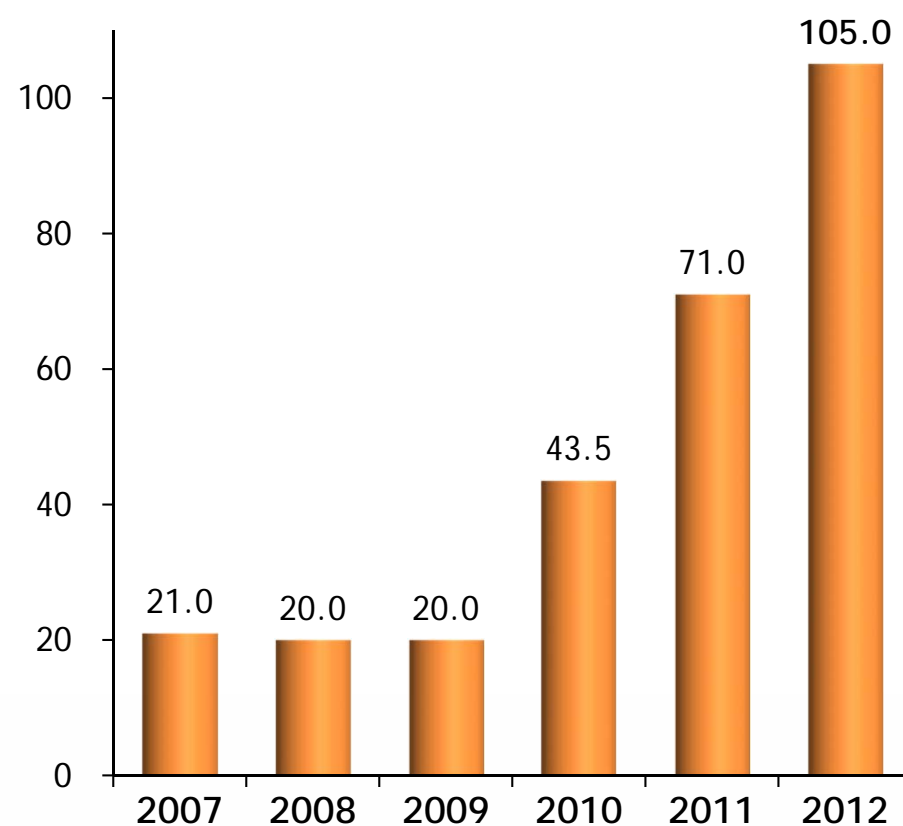


For the year ended 31 December 2012

FINAL DIVIDEND PAYOUT RATIO WAS 20%-30% OF THE PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY
ACCUMULATED TOTAL DIVIDEND REACHED RMB280 MILLION
SINCE LISTED TO THE END OF 2012

Dividends

(RMB million)



For the year ended 31 December 2012



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Open Forum

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Appendix



Leading Integrated Optical Components and Products Producer



- Established in 1984 and listed on the Main Board of the Hong Kong Stock Exchange in 2007, issued 1 billion shares
- 5 production bases in China with strong technical and manufacturing capabilities
- Strong R & D capabilities, with R & D centers set up in China, Singapore, South Korea, etc.



Zhongshan Production Base



Zhejiang Headquarters



Shanghai Production Base



Tianjin Production Base

Business Segments

Optical Components



Glass spherical/aspherical lenses, handset lens sets, plane products, vehicle lens sets, infrared lens sets and other lens sets

Optoelectronic Products



Handset camera modules, smart television video modules, security surveillance cameras and other optoelectronic modules

Optical Instruments

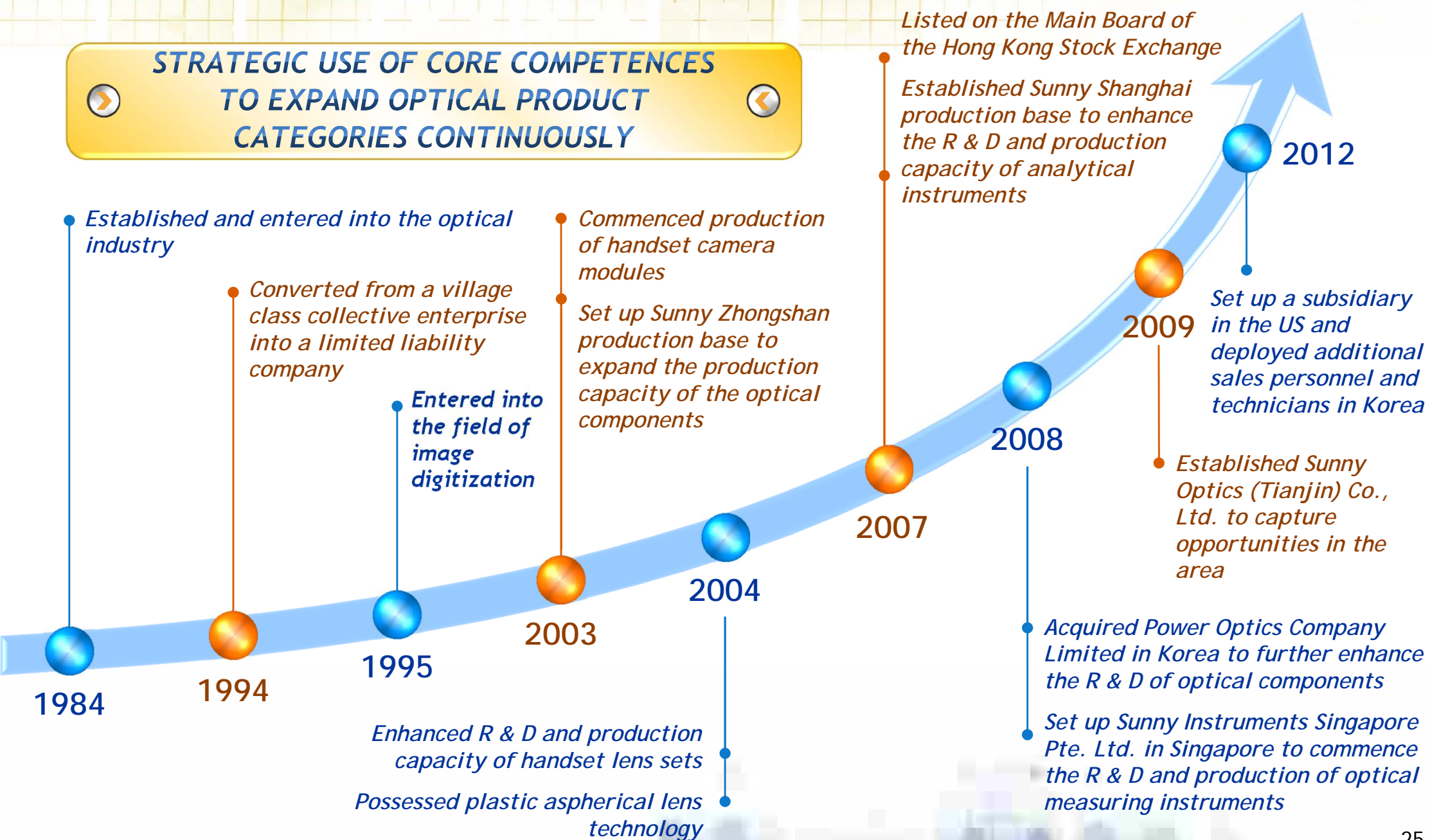


Microscopic, optical measuring and various optical analytical instruments

Growth Story



STRATEGIC USE OF CORE COMPETENCES TO EXPAND OPTICAL PRODUCT CATEGORIES CONTINUOUSLY

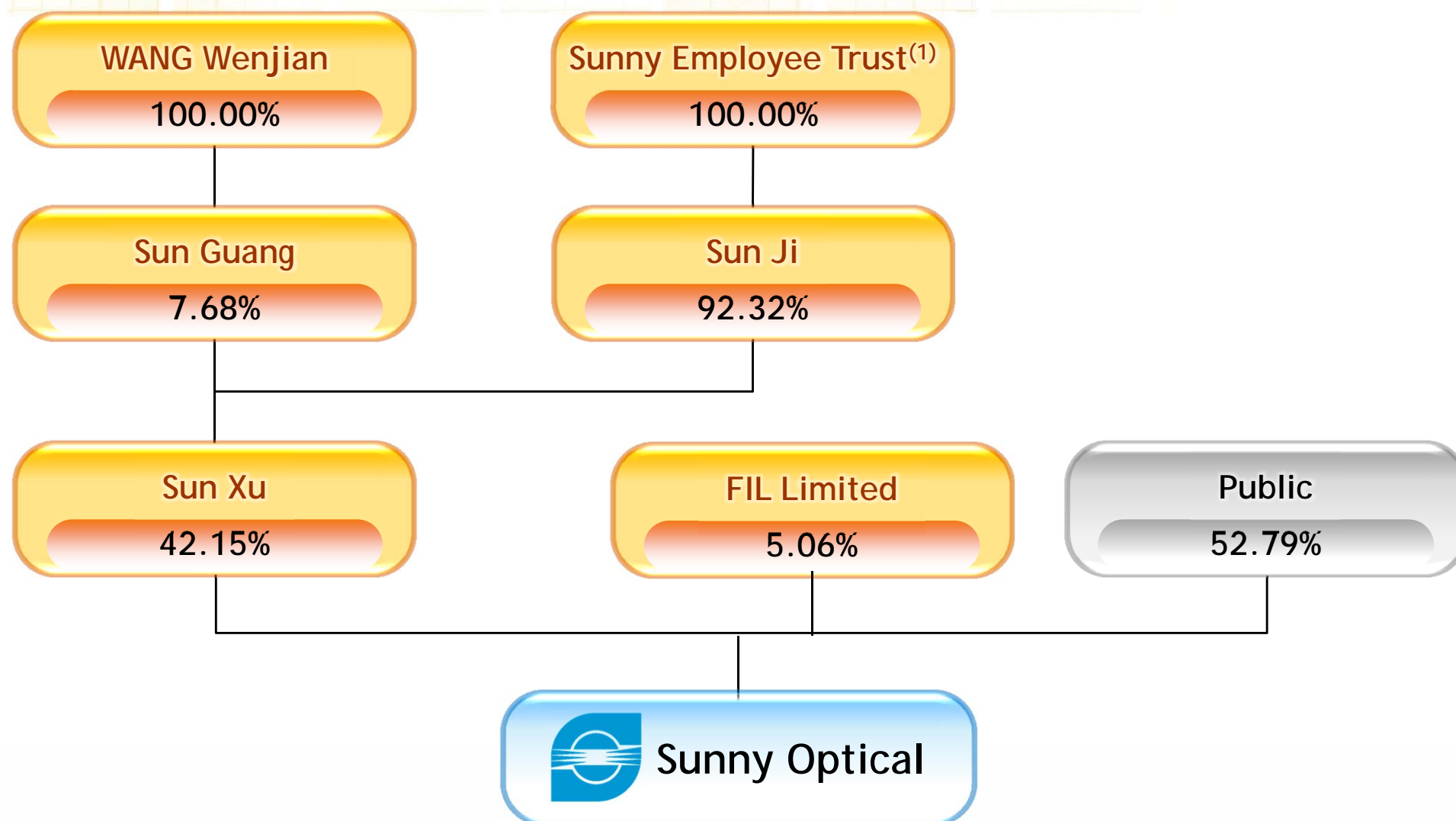


Diversified Application Fields



* The Company has reserved the optical infrared technology which can be applied in the above diversified fields in future

Shareholding Structure



(1) Mr. Wang Wenjian, the Honorary Chairman of the Board and non-executive Director of the Company, together with Equity Trust (HK) Limited, hold the entire issued share capital of Sun Ji Limited on behalf of the Sunny Employee Trust.

* As at 30 June 2013