

Sunny Optical Technology (Group) Company Limited

舜宇光學科技(集團)有限公司

Stock Code: 2382

Corporate Presentation

June 2013





- The information contained in this presentation is intended solely for your personal reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning Sunny Optical Technology (Group) Company Limited (the “Company”). The Company makes no representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.
- In addition, the information contains projections and forward-looking statements that may reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.
- This presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or to provide any investment service or investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.



1 Company Overview

2 Financial Highlights

3 Review of Operations

4 Outlook and Development Strategies

5 Investment Highlights

6 Open Forum

7 Appendix



Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

Company Overview



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.



Zhejiang Headquarters



Zhongshan Production Base



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, 3D touchless motion controllers, security surveillance cameras, etc.

Optical Instruments

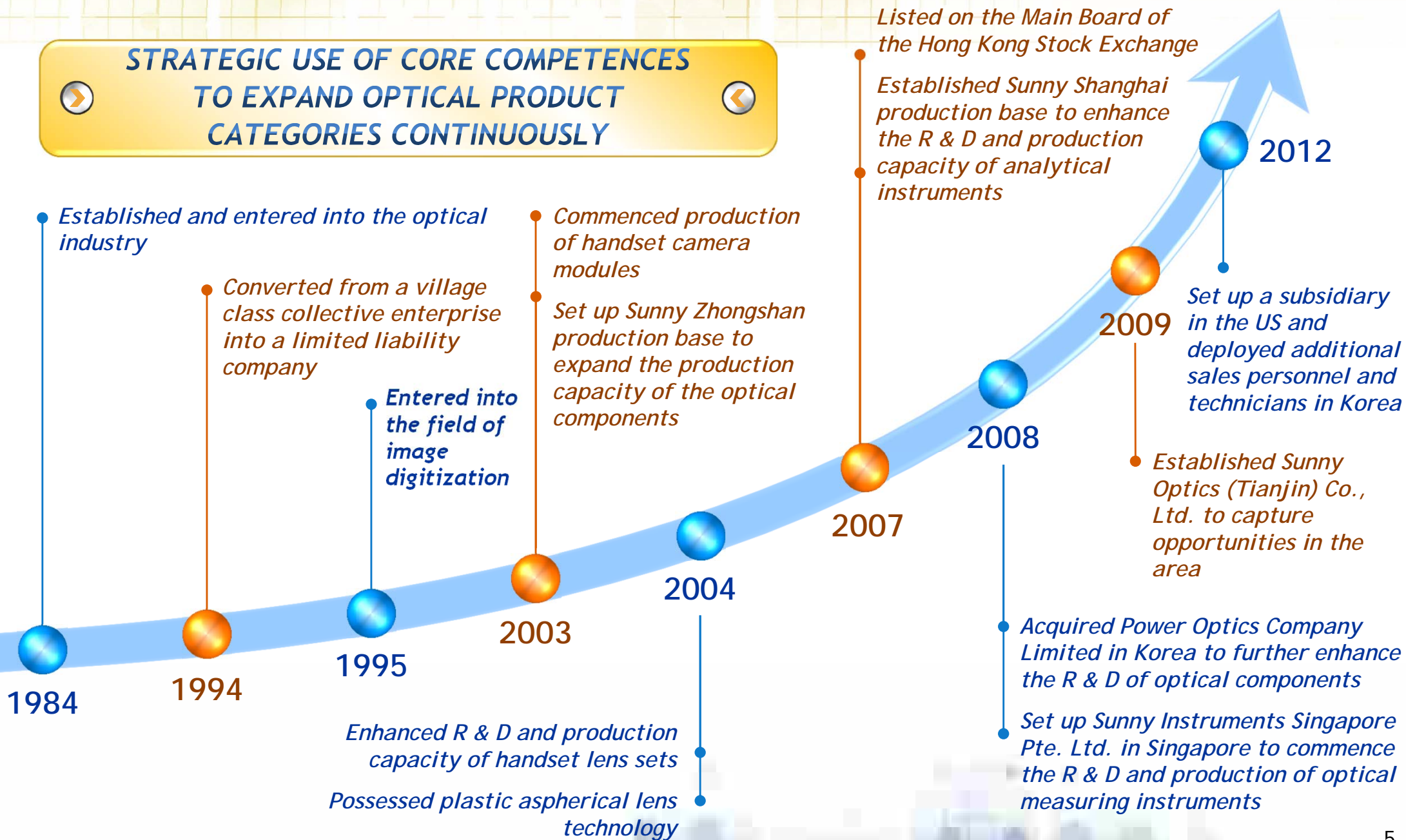


Microscopic, optical measuring and various optical analytical instruments

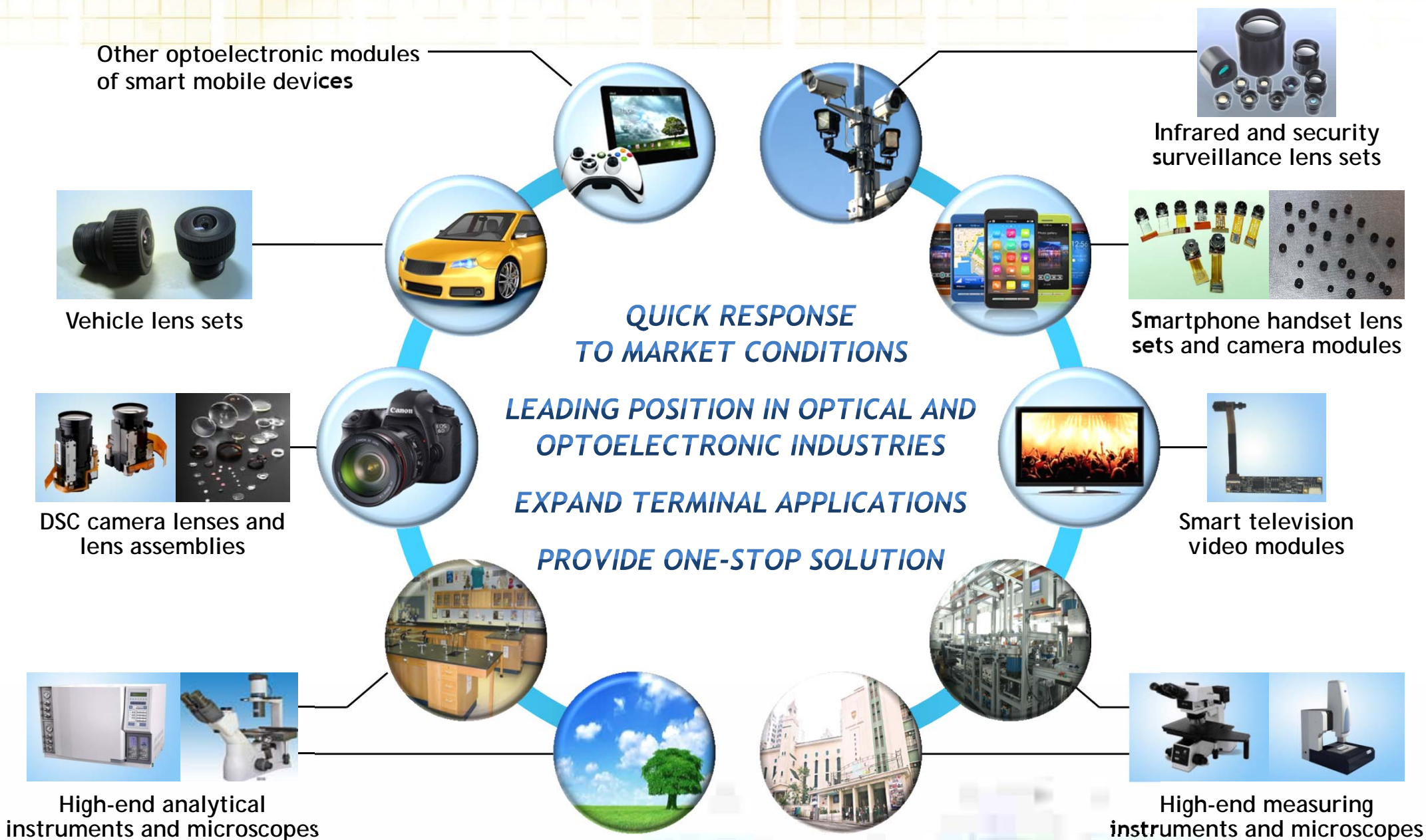
Growth Story



STRATEGIC USE OF CORE COMPETENCES TO EXPAND OPTICAL PRODUCT CATEGORIES CONTINUOUSLY



Diversified Application Fields





Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

Financial Highlights



Financial Highlights

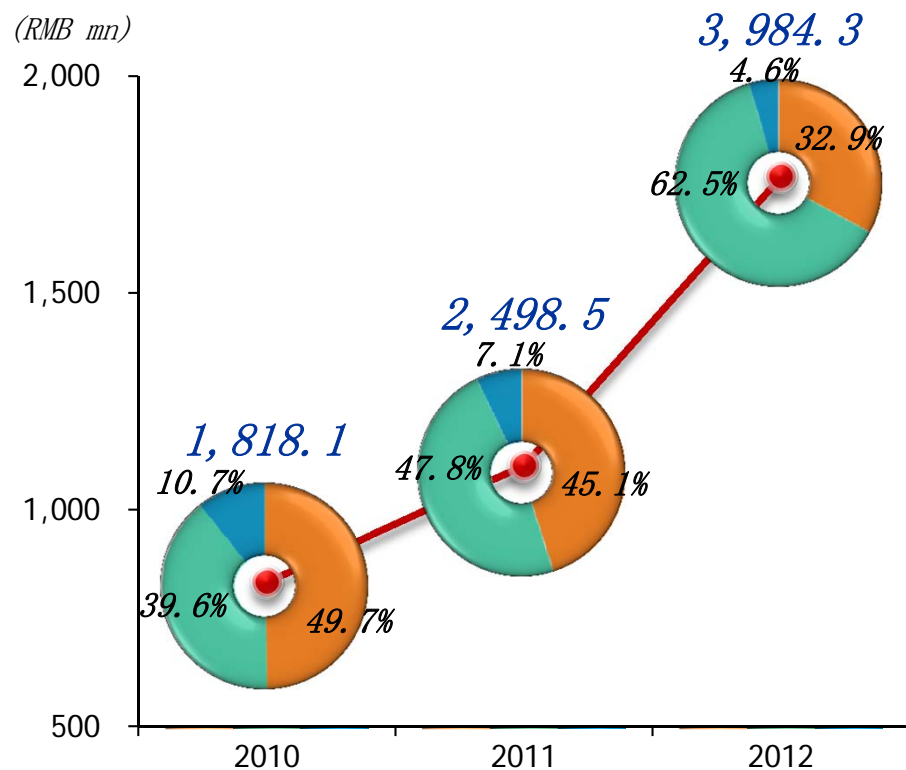


	2011	2012	Change
<i>(RMB mn)</i>	<i>For the years ended 31 December</i>		
Revenue	2,498.5	3,984.3	+ 59.5%
Gross Profit	522.8	741.2	+ 41.8%
Profit Before Tax	239.6	397.2	+ 65.8%
Income Tax Expense	(37.8)	(58.3)	+ 54.1%
Effective Tax Rate	15.8%	14.7%	- 1.1 ppt
Profit for the Year Attributable to Owners of the Company	215.3	346.3	+ 60.8%
Basic Earnings per Share <i>(RMB cents)</i>	22.3	36.0	+ 61.3%

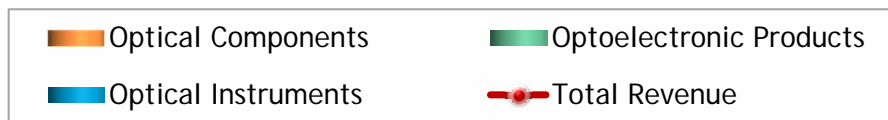
Revenue Breakdown



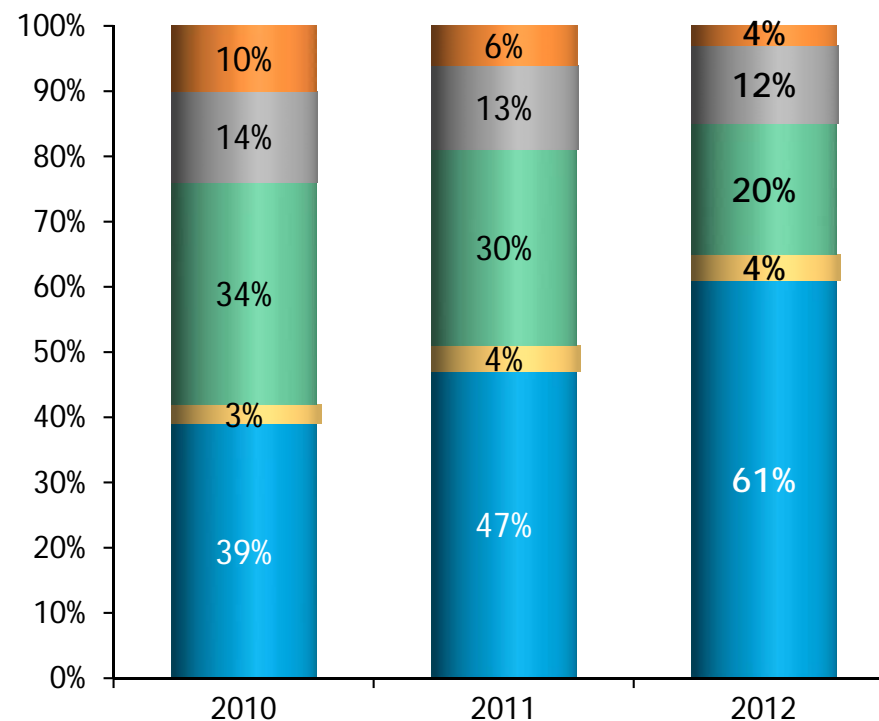
Business Segments Sales as % of Total Revenue



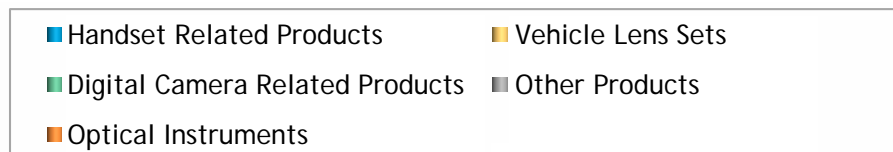
For the years ended 31 December



Sales Breakdown by Product Applications



For the years ended 31 December as % of revenue for different products



Operating Expenses Analysis



(RMB mn)	2010		2011		2012	
	<i>For the years ended 31 December</i>					
		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>
Revenue	1,818.1	100.0%	2,498.5	100.0%	3,984.3	100%
Total Operating Expenses	250.2	13.8%	312.8	12.5%	377.9	9.5%
<i>Selling and Distribution Expenses</i>	43.9	2.4%	58.8	2.4%	64.4	1.6%
<i>R&D Expenditure</i>	99.6	5.5%	131.1	5.2%	163.4	4.1%
<i>Administrative Expenses</i>	106.7	5.9%	122.9	4.9%	150.1	3.8%

Solid Financial Position



	2010	2011	2012
	<i>For the years ended 31 December</i>		
Current Ratio (<i>Times</i>)	3.1	2.7	2.2
Operating Cashflow (<i>RMB mn</i>)	185.1	72.4	256.8
Cash and Cash Equivalents (<i>RMB mn</i>)	849.5	680.8	614.4
<i>Pledged Bank Deposits (RMB mn)</i>	76.2	50.0	0.2
<i>Financial Assets Designated as at Fair Value through Profit and Loss (RMB mn)</i>	-	84.1	280.8
<i>Bank Guaranteed Entrusted Loan Receivables (RMB mn)</i>	585.0	295.0	90.0
<i>Bank Balances and Cash (RMB mn)</i>	188.3	251.7	243.4
Net cash per share (<i>RMB cents</i>)	75.3	62.3	53.2
Gearing Ratio (%)	5.5	3.4	3.4
ROE (%)	9.0	12.0	17.5
Capital Expenditure (<i>RMB mn</i>)	66.7	203.2	308.3



Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

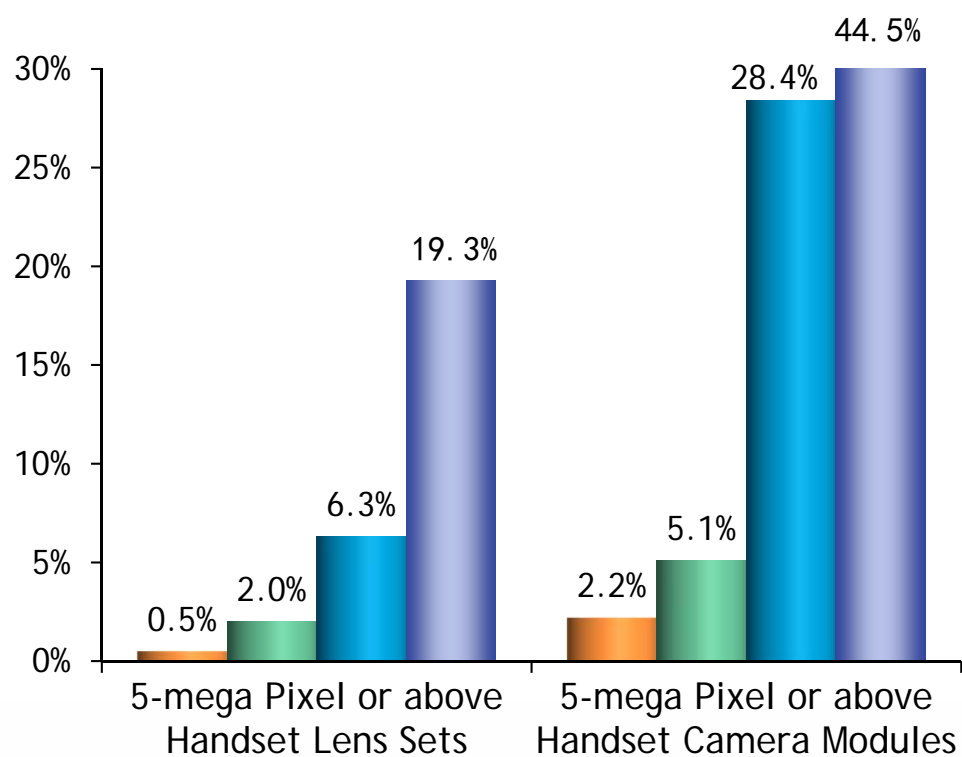
Review of Operations





Benefited From the Rapid Growth of Smartphone Industry Business Performance Improved in 2012

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



For the years ended 31 December

■ 2010 ■ 2011 ■ 2012 ■ 2013 1Q

Smartphone related business recorded favorable results and became the main driver of the group's growth

Global position and in-depth expansion of the international markets (Established a subsidiary in Silicon Valley, the U.S. and input more resources in Korea)

Further optimized product portfolio by rapid increase in sales of new products with higher gross margins

Further promote automation innovation to improve production efficiency

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 5-mega and 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 has been launched
- Completed R&D of various infrared lens sets for vehicles and security surveillance
- Commenced mass production for 3D touchless motion controller
- Commenced mass production for smart television video modules
- Accomplished R&D upgrade for a number of teaching interactively microscopic systems, analytical instruments oriented for spectrophotometers, gas chromatographs and mass spectrometers and high-end measuring machines
- Key projects of optical analytical instruments received special supportive funding from the State
- High-resolution wide-angle lens sets for webcams have obtained an invention patent
- Ultra-wide angle lens sets and long-wave optical athermalization lens sets have obtained utility model patents

● 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 started to be applied in mass production
- Self-developed automatic video testing technology was applied in testing of the production lines
- Application of plastic injection molding technology with narrow runway has been already in full swing
- Mass production for glass aspheric lenses with several cavities per mold has been launched
- Self-developed automatic painting machines have been applied in mass production

Possessed 149 Patents



Strong Client Base



Top Five Customers

Huawei

Lenovo

Coolpad

Samsung

Sony



Renowned Customers

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

Awards and Recognitions



"Win-win Cooperation award" at the Lenovo's Global Supplier Conference in 2012



"2011 Special Contribution Award" by Sony

Ningbo City Quality Exporter Award

"Excellent Supplier" at "2012 The First Hikvision's Global Suppliers Conference" in Hangzhou

Base for Building Standard Evaluation System on Enterprise's Skilled Workers in Zhejiang Province

2012 Ningbo Top 100 Enterprises

"Most Influential Enterprise in electronic industry of Ningbo City"

Huawei Gold Award for Core Supplier for 2012

Yulong Coolpad Core Supplier Award

2011 Ningbo Top 100 Enterprises in Foreign Trade

"2011 Grade A Suppliers" and the award of "2011 Second Prize of EHS Excellent Suppliers" by Samsung Electronics

2011 Ningbo Top 100 Leading Enterprises in the Industry



Ningbo City Quality Exporter Award



Top 10 Most Influential Domestic Equipment Manufacturers 2011

Corporate Governance



- **Stable management team with extensive industrial experience**

- **Fully complies with the HKEx's Corporate Governance Practices**

- **Effective communications with shareholders via various channels**

- **Diversified and experienced INEDs (technology, finance and operation)**

- **Audit, nomination and remuneration committees are all chaired by INEDs**

Accountability

Power Balance

Transparency

Social Responsibility

- **Environmental protection policy**

- **Provide equal opportunity in employment, wages and benefits**





Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

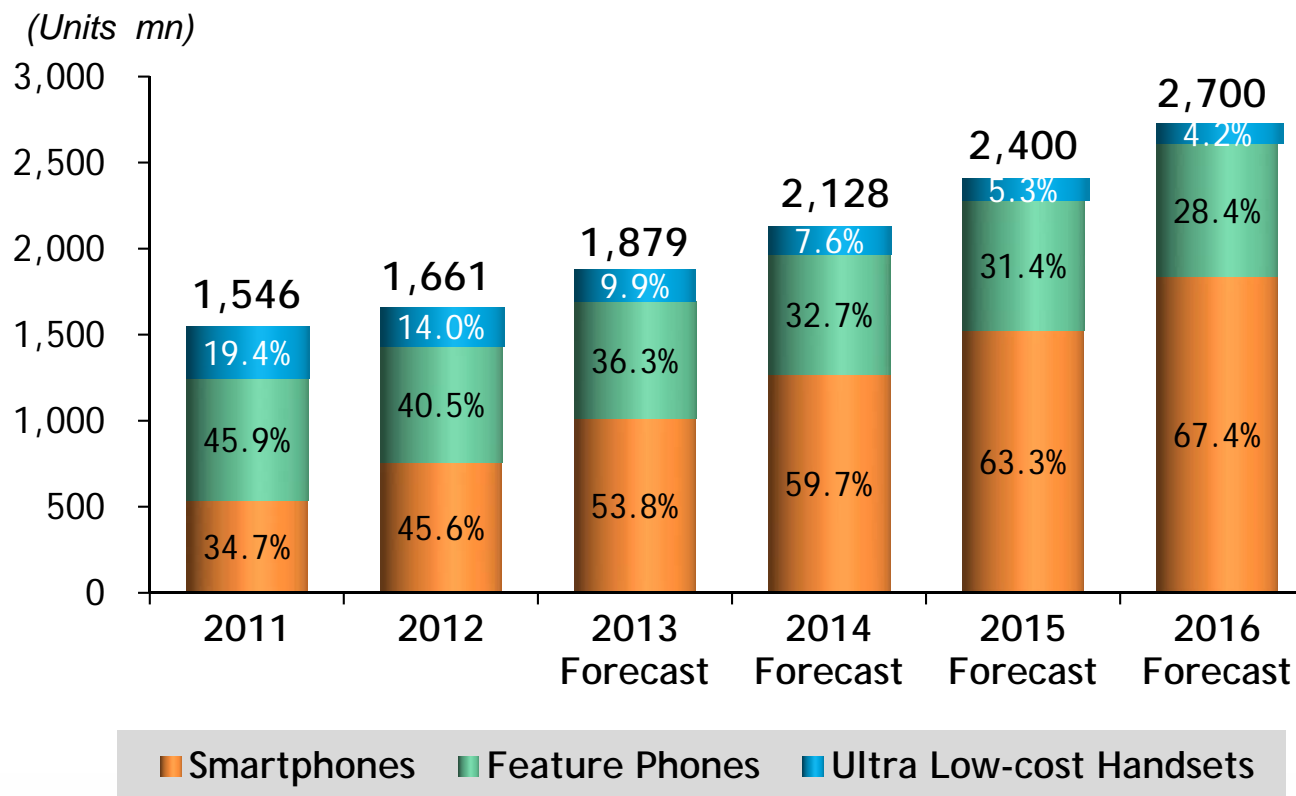
Outlook and Development Strategies



Make In-depth Exploration and Focus on Existing Businesses



*Global Handsets Market Share by Category
(2011 - 2016 Forecast)*



Source: Mercury Research & IHS

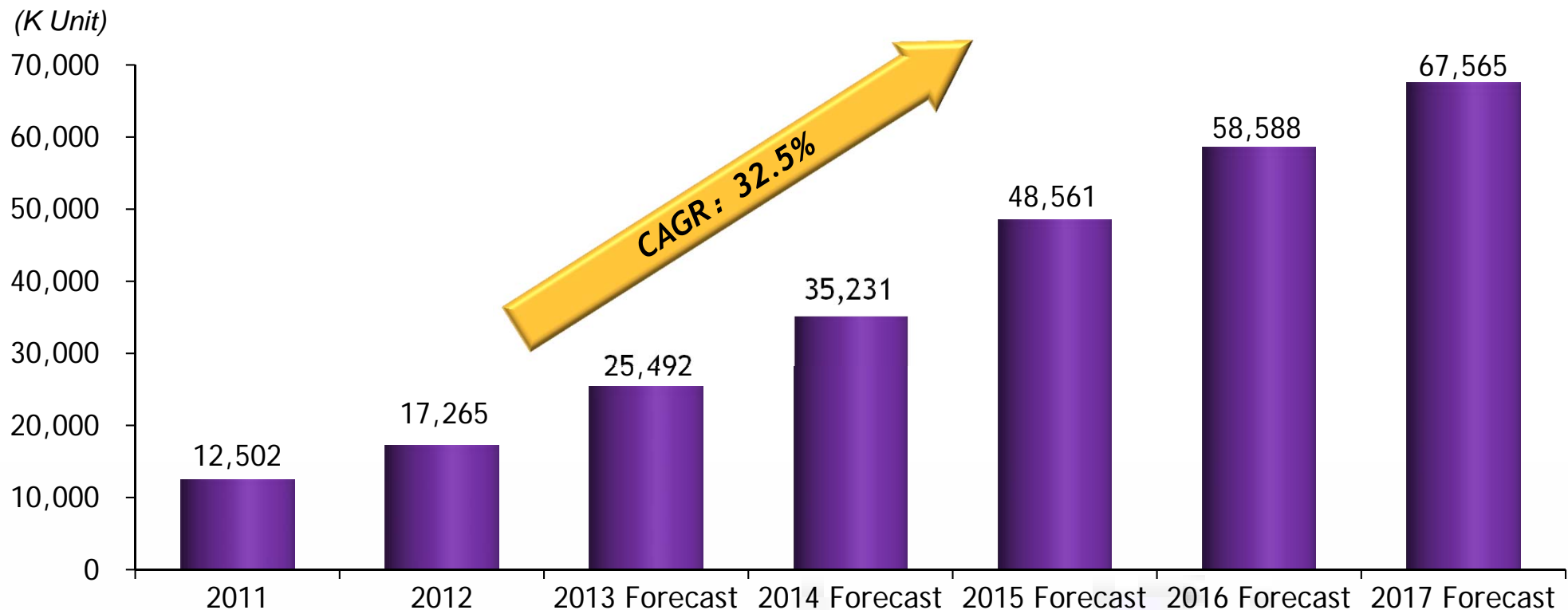
- Invest effective resources, improve international market position, improve product mix and achieve significant breakthrough
- Continue to increase proportion of sales of high-end handset camera modules and handset lens sets and their market shares
- Improving capability of marketing and sales to international customers basing on our U.S. subsidiary
- Deepen "Lean Production" to improve production processes management
- Continue to boost the industrial transfer to ensure stable production of new production base in Xinyang

Breakthrough Emerging Businesses and Realise a Balanced Development



- Further expand and optimize sales channels of emerging businesses
- Increase sales from vehicle lens sets (Gross Margin > 40%), infrared related products (Gross Margin > 50%), and high-end optical instruments (Gross Margin > 50%)
- Continue to explore new optical applications, especially creative optical applications on mobile devices

Global Shipment of Vehicle Camera Lens Modules



Source: Fuji Chimera Research Institute, Inc. & Mercury Research

Enhance Management Performance and Facilitate Management Innovation



STRENGTHEN MANAGEMENT FUNCTION OF THE GROUP



- Enhance financial management capabilities
- Further improve the implementation of the SAP system
- Promote processing technology innovation focusing on "automation"

STABILIZE CORE WORKFORCE



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



Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

Investment Highlights



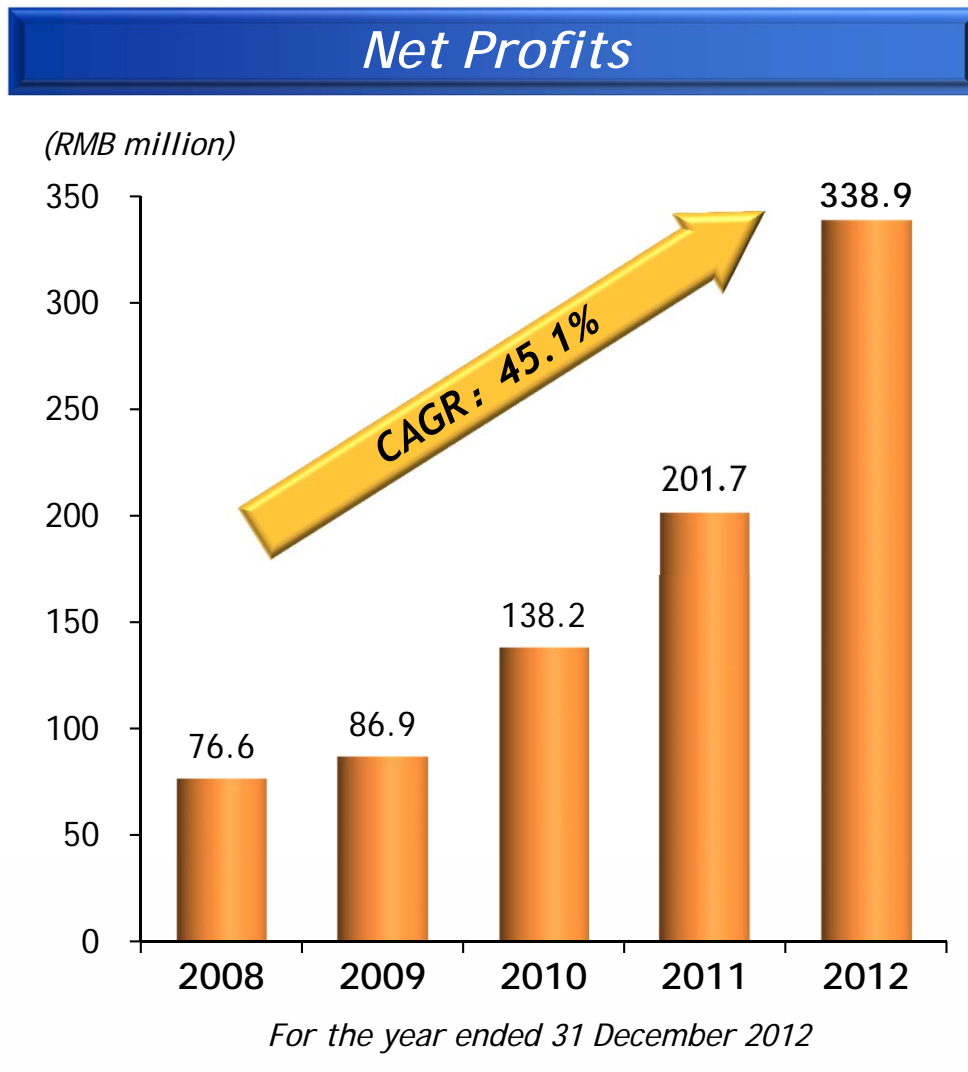


- 29-year track record, currently the largest camera module producer for smartphones in China
- Well-established for sustainable growth
 - Strong demand for lens sets and camera modules of smartphones
 - Rising contribution from vehicle lens sets (Gross Margin > 40%), >20% market share in the global original market
 - Infrared related products (Gross Margin > 50%) started to contribute to the bottom line
 - High-end optical instruments business is in uptrend (Gross Margin > 50%)
- Abundant opportunities for new optical applications, creative optical applications on mobile devices in particular
- Solid financial position with net cash of approximately RMB510mn as at 31 December 2012 (Net cash per share RMB53.2 cents)
- A constituent stock of MSCI Global Small Cap Indices

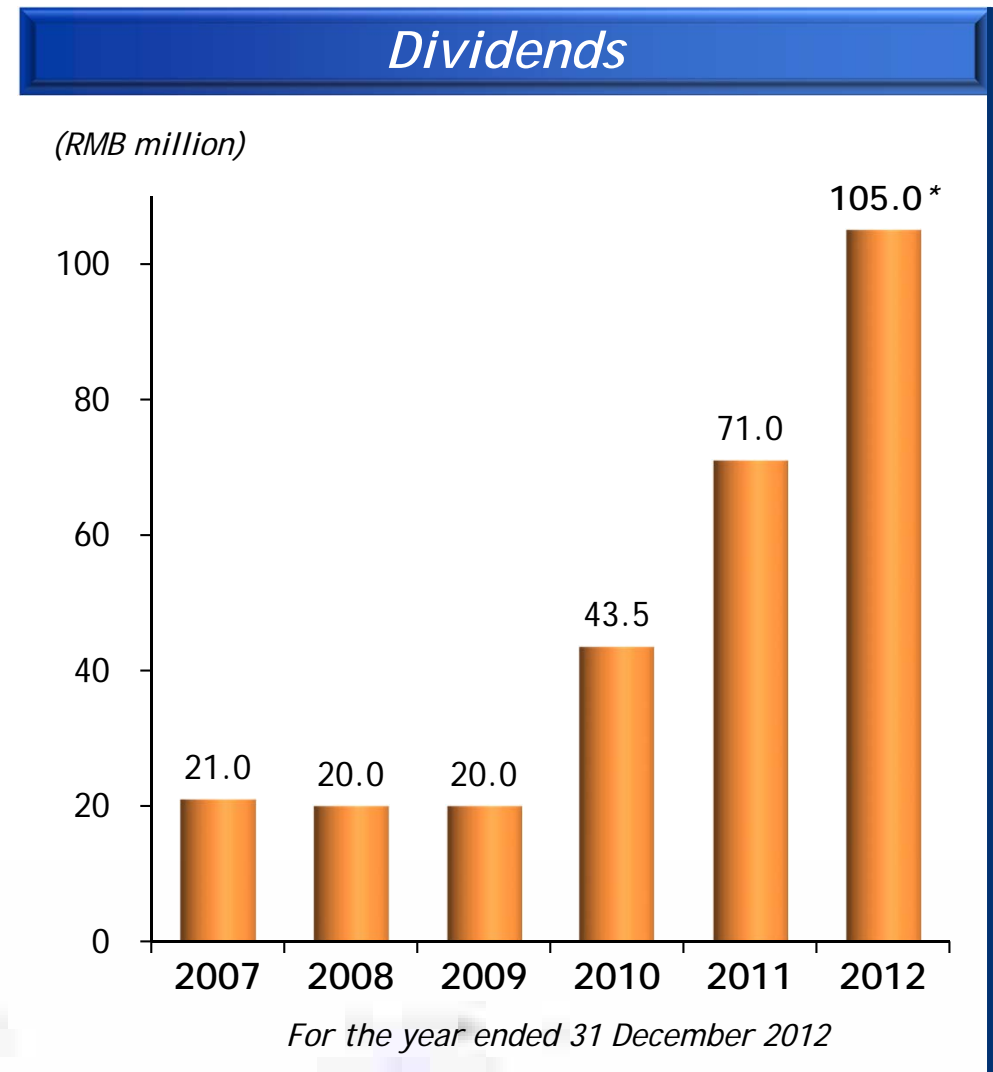
Investment Highlights



CONTINUED GROWTH IN NET PROFIT



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



* The Board has proposed a final dividend



Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

Open Forum

IR Contacts:

Sunny Optical Technology (Group) Company Limited

Email: idahu@sunnyoptical.com /
jasmine@sunnyoptical.com /
ir@sunnyoptical.com

Tel: +86 574 6253 8091/
+852 3568 7038



Media Relations Contacts:

Porda Havas International Finance Communications Group

Email: sunnyoptical@pordahavas.com

Tel: +852 3150 6788





Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

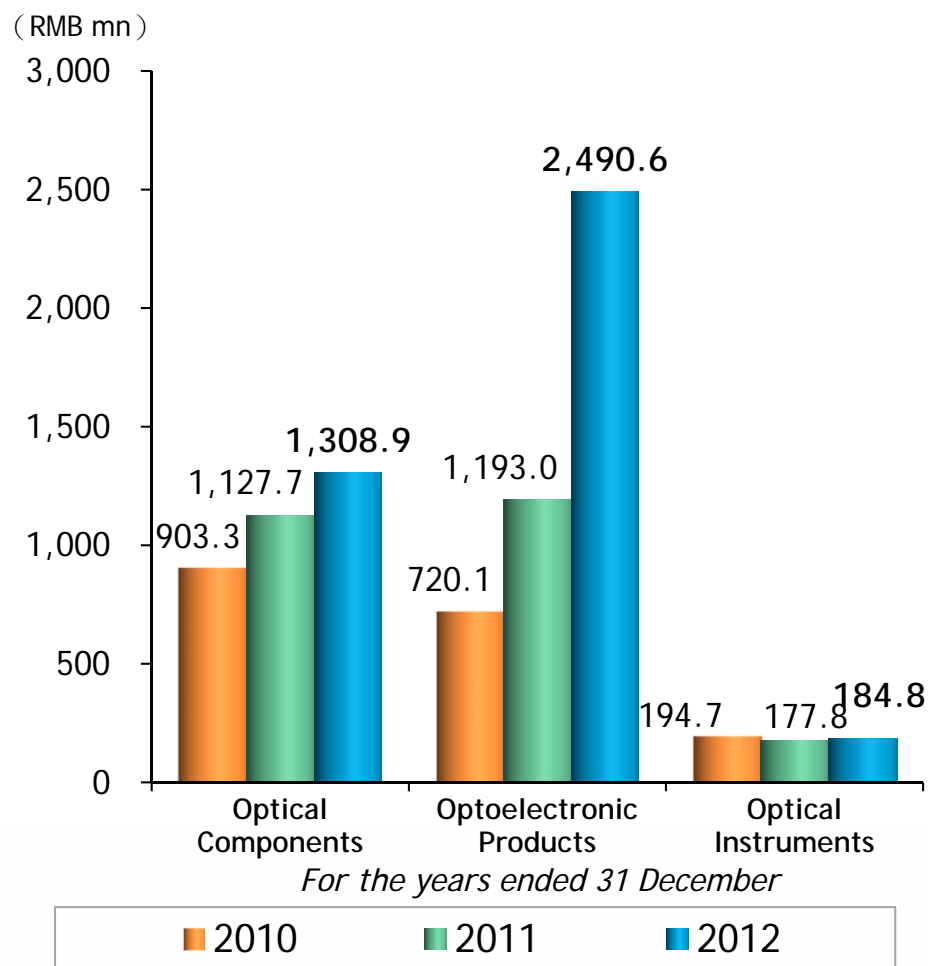
Appendix



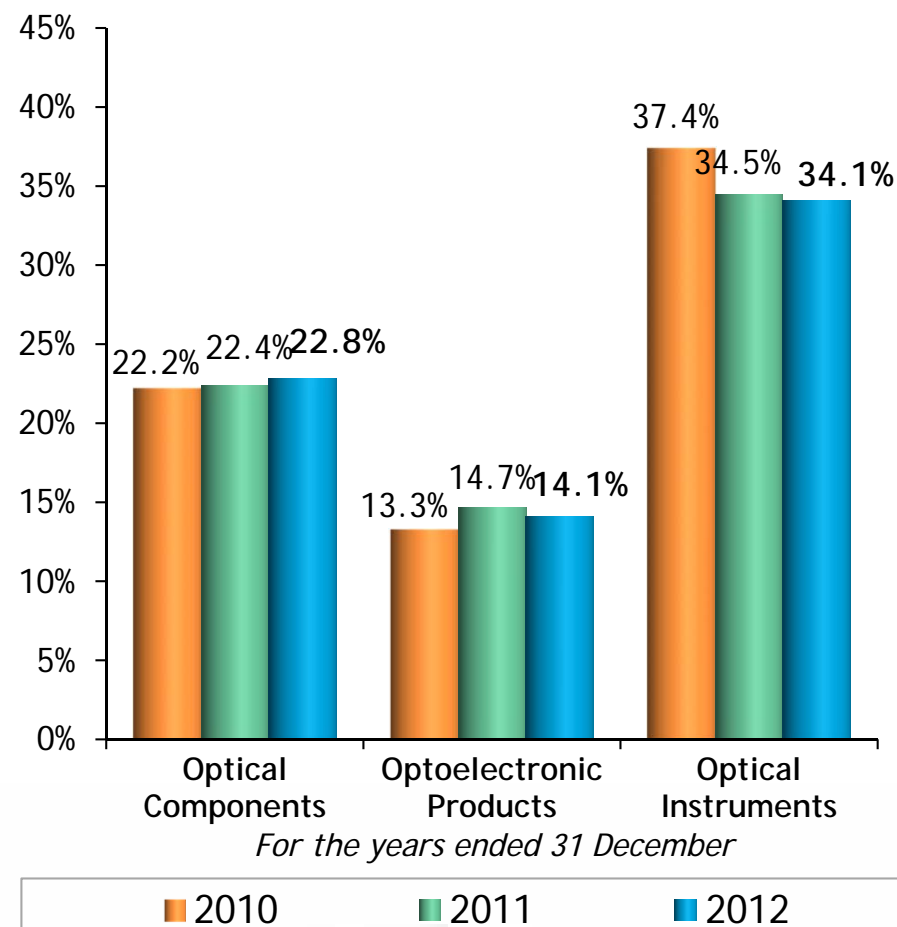
Sales and Gross Margins by Business Segments



Sales by Business Segments



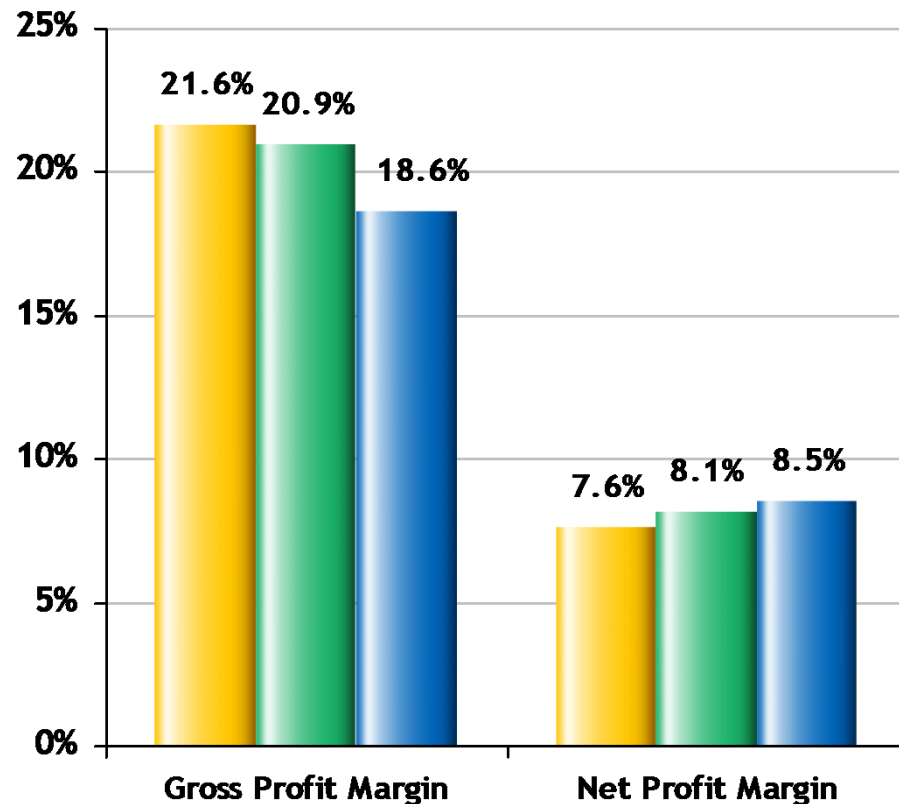
Gross Margins by Business Segments



Margins Overview



Gross Profit Margins and Net Profit Margins



For the year ended 31 December

2010

2011

2012

- ✦ The decrease in gross profit margin was mainly attributable to the rapid growth in sales of optoelectronic business products. The gross profit margin of this segment was lower than the overall gross margin of the Group, it had a slight dilutive effect.
- ✦ Due to the effective control over the operating expenses in the period under review, the net profit margin increased to 8.5%.



Sunny Optical Technology (Group) Company Limited
舜宇光學科技(集團)有限公司

Thanks!

IR Contacts:

Sunny Optical Technology (Group) Company Limited

Email: idahu@sunnyoptical.com /
jasmine@sunnyoptical.com /
ir@sunnyoptical.com

Tel: +86 574 6253 8091/
+852 3568 7038



Media Relations Contacts:

Porda Havas International Finance Communications Group

Email: sunnyoptical@pordahavas.com

Tel: +852 3150 6788

