

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 2010 Interim Results

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Revenue and Net Profit Surged by 52.4% and 148.9% Respectively

Financial Highlights (For the six months ended 30 June)			
	2010 (RMB '000)	2009 (RMB '000)	Change
Revenue	833,946	547,309	+52.4%
— Optical components	407,366	249,526	+63.3%
— Opto-electronic products	333,766	250,160	+33.4%
— Optical instruments	92,814	47,623	+94.9%
Gross profit	177,669	108,064	+64.4%
Profit for the period attributable to owners of the Company	54,823	23,407	+134.2%
Basic earnings per share (RMB cents)	5.54	2.34	+136.8%

【18 Aug 2010, Hong Kong】The leading integrated optical and optoelectronic product manufacturer in the PRC, Sunny Optical Technology (Group) Company Limited (“Sunny Optical” or the “Company”, stock code: 2382, together with its subsidiaries, the “Group”), today announced its interim results for the six months ended 30 June 2010.

During the period under review, domestic handset manufacturers have been upgrading their products gradually, resulting in the growth of shipment volume of handset lens sets and camera modules with high resolution. Along with the rapid growth of the spherical lens business and the increase in the sales of vehicle lens set, revenue of the major business segments of the Group surged by 52.4% to RMB 834 million when compared with the same period of last year. Gross profit margin increased from 19.7% to 21.3%, which was mainly attributable to the improvement of product mix and higher capacity utilization rate together with the effective implementation of lean production. Adopting stringent expenses control, the Group recorded a net profit of approximately RMB 50 million, a significant increase of 148.9% compared with the same period of last year. Net profit margin also jumped from 3.7% to 6.0%. Basic earnings per share were approximately RMB5.54 cents. The Board does not recommend the payment of interim dividend for the six months ended 30 June 2010.

Commenting on the Company's business performance during the period under review, Mr. Wang Wenjian, Chairman of Sunny Optical, said, “In the first half of 2010, as global economic recovery improved operating environment, various consumer electronics markets also revived. During the period under review, the Group adhered to development strategies of exploring revenue sources and cutting cost. In addition to internal cost control, the Group also explored markets so as to increase the sources of income. Meanwhile, the Group constantly strengthened its research and development of products and technologies and carried out lean production, achieving sustainable growth.”

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The optical components business segment of the Group maintained its fast growth trend and recorded revenue of RMB 407 million, a significant increase of 63.3% compared with the same period of last year. The revenue accounted for 48.8% of the total revenue of the Group. The vehicle lens sets business increased rapidly, several products of that have been developed and successfully obtained relevant patents. Moreover, by grasping the opportunities emerging from the 3G handset and smartphone markets, the Group recorded a remarkable increase in the shipment proportion of 2-mega and higher pixel handset lens sets. Those products have also passed the certification from a world-famous handset manufacturer, laying a solid foundation for the growth in the relevant operating revenue for the second half of the year.

During the period under review, the intense competition in the domestic handset market has led to a decrease in the average selling price of handsets. Nevertheless, with the improvement of product mix and a rise in shipment volume brought by marketing promotion, revenue of the optoelectronic products business segment rose by 33.4% to RMB 334 million when compared with the same period of last year, accounting for 40% of the total revenue of the Group. The 8 mega pixel camera modules for handset with auto-focus function have been successfully developed and entered the stage of small batch production. Meanwhile, the successful mass production of the 2-, 3- and 5-mega pixel camera modules for handset use with auto-focus function has consolidated the Group's leading supplier position among the domestic vendors. Other R&D projects of the optoelectronic products business segment also progressed well. The particle-resistant gluing technique for handset camera modules with high resolution obtained invention patent. The security surveillance cameras have taken shape with some functions under further enhancement.

The optical instrument segment of the Group also achieved strong performance during the period under review. Revenue soared by 94.9% to RMB 928.1 million when compared with the same period of last year, representing 11.1% of the total revenue of the Group. Disposing of the surveying instrument business from its optical instrument business segment, the Group aimed to concentrate its resources on the development of its mid- to high- end microscopes, optical measuring instruments and optical analytical instruments in order to raise the revenue of optical instruments. Shanghai Sunny Hengping Scientific Instrument Co., Ltd., a subsidiary of the Group, commenced mass production of several mid- and high-end optical analytical instruments which was likely to generate profits in the second half of the year, thus facilitating further development of the optical instruments business segment of the Group.

With respect to the future development of the Group, Mr. Wang said, "The Group will remain prudent but optimistic when facing future challenges. Grasping the opportunities emerging from the domestic 3G handsets and smartphone markets, the Group will focus on promoting handset lens sets and camera modules with high resolution, with an aim of maintaining its strength in domestic market and entering into the supply chain of international leading handset manufacturers. With predictions that the market for Digital Single Lens Reflex ("DSLR") will grow steadily in the second half of the year, the Group will continue its internal technical innovation and speed up the transformation of production capacity to glass spherical production line based on high precision lens of DSLR. The Group will continue to launch marketing promotion for key businesses and conduct key breakthroughs for security surveillance cameras, lens sets for vehicles, infrared lenses and lens sets as well as mid- to high-end optical instruments, enabling these new businesses to contribute sales and generate profit growth."

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“The Group will continue to upgrade existing products based on market conditions and strengthen its technology and product innovation. The added value of products will be enhanced so as to maintain the Group’s leading position in relevant sectors. Along with implementing lean production, the Group will endeavor to accelerate the process of informationization, optimize the supply chain and combine technique improvement with automatic production to achieve good cost control. In pursuit of the strategy of “Explore new sources and Cut cost, Speed up transformation, Obtain orders externally and Get refinement internally” set up early this year, the Group will focus on the development of the new businesses and comprehensively enhance its competitiveness so as to improve its profitability, providing fruitful returns to its shareholders.” Mr. Wang concluded.

About Sunny Optical Technology (Group) Company Limited

Sunny Optical Technology (Group) Company Limited is a leading integrated optical components and optoelectronic products manufacturer in the PRC with production bases in Yuyao of Zhejiang province and Zhongshan of Guangdong Province, Shanghai and Tianjin respectively. Capitalizing on its vertically integrated design and production business model, Sunny Optical integrates optical, mechanical and electronic technologies, offering a wide range of optical products such as lenses, lens sets for handset use, vehicle lens sets and other optical imaging lens sets, optoelectronic products including mobile phone camera modules, industrial endoscopes and security surveillance cameras, as well as optical instruments such as mid- to high-end microscopes, optical measuring instruments and optical analytical instruments. With the increase in demand for optical products as well as consumer electronic products, the Group has become the main supplier to some leading global brand names.

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Issued by Porda International (Finance) PR Company Limited for and on behalf of **Sunny Optical Technology (Group) Company Limited**. For further information, please contact:

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