

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 Annual Results

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Revenue Up 45.0%;
Profit for the Year Attributable to Owners of the Company
Increased by 28.5%

Financial Highlights (For the year ended 31 December)			
	2014 (RMB '000)	2013 (RMB '000)	Change
Revenue	8,426,458	5,812,711	+45.0%
– Optical Components	1,402,533	1,163,587	+20.5%
– Optoelectronic Products	6,803,178	4,416,372	+54.0%
– Optical Instruments	220,747	232,812	-5.2%
Gross Profit	1,289,418	967,081	+33.3%
Profit for the Year Attributable to Owners of the Company	566,096	440,498	+28.5%
Basic Earnings per Share (RMB cents)	52.91	44.30	+19.4%
Proposed Final Dividends per Share (RMB cents)	15.5	12.1	+28.1%

【9 March 2015, 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 2014 (“year under review”).

The Group has achieved satisfactory growth in its results for the year in 2014, with its revenue rose by approximately 45.0% compared to the corresponding period of last year, to approximately RMB8,426.5 million. The Group’s gross profit during the year under review increased by approximately 33.3% to approximately RMB1,289.4 million. Thanks to the effective control of operating expenses, profit for the year attributable to owners of the Company increased by approximately 28.5% to approximately RMB566.1 million. Basic earnings per share increased by approximately 19.4% to approximately RMB52.91 cents.

The Board of Directors of the Group proposed payment of a final dividend of approximately RMB 15.5 cents per share (equivalent to HK\$ 19.0 cents) for the year ended 31 December 2014.

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During the year under review, the increase in both revenue and profit of the Group were mainly benefited from the further development of smartphone market and the rapid growth of application of vehicle optical system. 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 2014, the overall global economic growth was sluggish. While affected by the factors such as weak external demand and declining domestic demand, the growth of China's economy continued to slow down with increasing downward pressure. However, during the previous year, the Group recorded satisfying performance growth in Optical Components and Optoelectronic Products business segments. Such achievements revealed our efforts in pursuing the three major objectives of high technology, high efficiency and high value, implementing our 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 market presence and enhance our competitive strengths."

Benefited from the sustained growth of smartphones and vehicle lens sets markets, the Optical Components business segment had its strategies adjusted with reference to industrial changes; and had its external resources effectively integrated, making substantial growth in the sales of relevant products, and optimizing the product mix continuously. During the year under review, the Optical Components business segment recorded a revenue of approximately RMB1,402.5 million, representing an increase of approximately 20.5% as compared with the corresponding period of last year. This business segment accounted for approximately 16.6% 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 labour costs and losses.

Among all the handset lens sets, the proportion of the shipment volume of 5-mega pixel and above products increased from approximately 32.2% for the corresponding period of last year to approximately 78.4%, in which the proportion of the shipment volume of 8-mega pixel and above products was approximately 21.2% as compared with approximately 8.6% in the corresponding period of last year. The Group continued to mass-produce 5-mega pixel with wide-angle and 8-mega pixel handset lens sets for one of the major handset customers in Korea, and expanded its customer base by successfully launching mass production of 10-mega pixel handset lens sets for Sony and some domestic branded customers.

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During the year under review, vehicle lens sets of the Group recorded a year-on-year increase of approximately 49.9% in the shipment volume and still maintained the first place in terms of global market share, with a further increase recorded. Additionally, the Group has started the business cooperation with Mando Corporation, Gentex Corporation, TRW Automotive Holdings Group. and Valeo etc. during the year under review, and the mass production has been taken place.

Benefited from the rapid development of smartphone market and other mobile device products in the PRC, Optoelectronic Products business segment achieved a satisfying performance. During the year under review, revenue from Optoelectronic Products business segment amounted to approximately RMB6,803.2 million, representing an increase of approximately 54.0% over the corresponding period of last year. This business segment accounted for approximately 80.8% of the Group's total revenue. During the year under review, the proportion of 10-mega pixel products increased from approximately 4.2% in the corresponding period of last year to approximately 15.7%. The outstanding high resolution products allowed the Group to maintain the leading position in the supply chain for domestic smartphones, and the market share amongst domestic smartphone makers was further increased by responding to the market changes instantly and adjusting and implementing effective market strategies.

As 3D camera is turning into a trend of consumer electronic devices, the Group seized the market opportunities and took a proactive manner in its strategic planning. In January 2014, the Group has invested US\$1,000,000 in MantisVision Ltd., a 3D vision technology company in Israel, hoping that it would bring the Company new business opportunities in "3D image" field. Moreover, the Group has been selected by Google Inc. as a cooperative partner in developing cameras with 3D function for Project Tango.

During the year under review, due to unfavourable external macroeconomy and the slowdown in domestic economic growth, the demand for industrial instruments decreased, and thus resulted in a slightly decrease of approximately 5.2% to RMB220.8 million for the revenue from Optical Instruments segment. This business segment accounted for approximately 2.6% of the Group's total revenue. The PRC government substantially increases 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. Besides, the manufacturing industry is in a critical time of transformation and upgrade in the PRC, and the manufacturers in all fields are proactively promoting the application of automation production lines, thereby resulting in an increasing demand for high-end measuring instruments. Therefore, the Group will further increase the investment in R&D and marketing of high-end optical instruments in order to foster steady development in medium to long term.

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Looking ahead, Mr. Ye Liaoning said, “The growth of smartphone market in China will slow down, leading to a fiercer competition in the industry. But the good news is that the major branded customers are putting increasing efforts in the development of digital and intelligent images to demonstrate the technology level in their end products, so as to gain market shares. The future development prospect of the Group, being an optical expert focusing on optics and optoelectronic related fields for 30 years, is huge. The Group will continue to implement its ‘Speeding Up the Implementation of Transformation and Upgrade’ strategy and persist in its strategy of ‘Mingpeijiao’, with the objective of building Sunny Optical as one of the world’s most prestigious optoelectronic enterprises. We will transform from an optical products manufacturer to a smart optical systems solution provider and from an instrument manufacturer to a system integrator. The Group will continue its endless exploration and pursuit of the optical field, integrate internal and external resources, and give full play to its advantages, with a view to achieving the corporate vision of a ‘Hundred Years Old Brand’ ultimately.”

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About Sunny Optical:

Sunny Optical Technology (Group) Company Limited (the “Company” or “Sunny Optical”, together with its subsidiaries, the “Group”) (Stock Code: 2382) is a leading integrated optical components and products manufacturer with thirty years of history 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 high-end optical analytical instruments) (“Optical Instruments”). The Group focuses on the application fields of optoelectronic-related products, such as handsets, digital cameras, vehicle imaging systems, smart television video systems, security surveillance systems, optical measuring instruments and high-end optical analytical instruments, which are combined with optical, electronic, software and mechanical technologies.

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

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