

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 2015 Annual Results

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Core Businesses Achieved Positive Development

Revenue up 26.9%; Gross Profit up 36.8%

Financial Highlights (For the year ended 31 December)			
	2015 (RMB '000)	2014 (RMB '000)	Change
Revenue	10,696,200	8,426,500	+26.9%
– Optical Components	2,268,500	1,402,500	+61.7%
– Optoelectronic Products	8,216,700	6,803,200	+20.8%
– Optical Instruments	211,000	220,800	-4.4%
Gross Profit	1,763,400	1,289,400	+36.8%
Profit for the Year Attributable to Owners of the Company	761,600	566,100	+34.5%
Basic Earnings per Share (RMB cents)	70.90	52.91	+34.0%
Proposed Final Dividends per Share (RMB cents)	20.8	15.5	+34.2%

【14 March 2016, 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 2015 (“year under review”).

The Group has achieved satisfactory growth in its results for the year in 2015, with its revenue rose by approximately 26.9% compared to the corresponding period of last year, to approximately RMB10,696.2 million. The Group’s gross profit increased by approximately 36.8% compared to the corresponding period of last year to approximately RMB1,763.4 million. Thanks to the effective control of operating expenses, profit for the year attributable to owners of the Company increased by approximately 34.5% to approximately RMB761.6 million. Basic earnings per share increased by approximately 34.0% to approximately RMB70.90 cents.

The Board of Directors of the Group proposed payment of a final dividend of approximately RMB20.8 cents per share (equivalent to HK\$ 24.9 cents) for the year ended 31 December 2015.

During the year under review, the business segments of the Group, namely Optical Components and Optoelectronic Products, performed well. The handset lens sets business continued its growth momentum of doubling recorded last year by consolidation of advantageous technologies and resources through its own efforts with the market share and competitiveness significantly enhanced. The vehicle lens sets business maintained its leading position in the industry with its revenue growing rapidly and its edge in the market share more distinct. The handset camera modules business still outperformed in the market and achieved good results in spite of the negative factors such as growth slowdown and intensified competition in the industry.

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 into 2015, the global economy remained difficult in recovery while the Chinese economy has gradually stepped into a new normal with economic growth gradually slowing down. Given the poor external economic environment, the growth rate of the global smartphone market hit a six-year low. Despite the macroeconomic and industrial pressure, the Group has timely adjusted its marketing strategies and has focused on technological innovation to upgrade its products. As a result, an overall positive development persisted with satisfactory advancement in its core businesses. The Group has managed to achieve good results as it based itself in the promising optoelectronic industry, has firmly implemented the "Mingpeijiao" (名配角) strategy, has upheld the three directional objectives of high technology, high value and high efficiency. The Company will continue to invest resources and intensively develop its advantageous businesses to consolidate its leading position in the industry. In addition, the Company will intensify its cooperation with international high-tech companies and will make active deployment in new businesses and emerging industries to seek mid and long term healthy development by making full use of its technological advantages."

Benefited from the adjustment of supply chains of smartphone handset lens sets and the sustained growth of the vehicle imaging field as well as the correct business strategy and solid executive power of the Group, the shipment volume of the major products of the Optical Components business segment recorded a significant growth. Meanwhile, its product mix was also improved to a large extent, leading to satisfactory results for this business segment. During the year under review, the Optical Components business segment recorded a revenue of approximately RMB2,268.5 million, representing an increase of approximately 61.7% as compared with the corresponding period of last year. This business segment accounted for approximately 21.2% of the Group's total revenue as compared with approximately 16.6% in the corresponding period of last year.

During the year under review, handset lens sets of the Group recorded a year-on-year growth of 151.9% in shipment volume. The proportion of the shipment volume of 5-mega pixel and above products increased from approximately 78.4% for the last year to approximately 89.6%; the

proportion of the shipment volume of 10-mega pixel and above products increased from approximately 2.0% for the last year to approximately 9.1%. During the year under review, the Group achieved outstanding R&D results. The Group had completed the R&D on 23-mega pixel, and high-resolution handsets lens sets equipped with large aperture, large pixel size, wide angle, iris recognition lens sets and dual-camera. The 13-mega pixel (ultra-thin), 13-mega pixel (OIS), 16 mega-pixel, 16-mega pixel (ultra-thin) and 16-mega pixel (OIS) handset lens sets have commenced mass production. The Group's customer base was further optimised. In addition to continued mass production of high-end handsets lens sets equipped with 5-mega pixel wide angle and 10-mega pixel above for Korean customers, more and more high-end products gained recognition from domestically famous handset makers.

During the year under review, vehicle lens sets of the Group recorded a year-on-year increase of approximately 47.0% in the shipment volume and maintained its further expanded market share to be the first place around the globe. On the other hand, the Group energetically boosted the automation reform and application of vehicle lens sets production lines, and its self-developed automatic testing equipment was also put into mass production.

Benefited from the growth of smartphone makers and the sound development of other mobile device products in the PRC, the Optoelectronic Products business segment achieved good performance growth. During the year under review, revenue from the Optoelectronic Products business segment amounted to approximately RMB8,216.7 million, representing an increase of approximately 20.8% over the corresponding period of last year. This business segment accounted for approximately 76.8% of the Group's total revenue as compared with approximately 80.8% in the corresponding period of last year.

During the year under review, the proportion of handset camera modules with 10-mega pixel and above, among the shipment volume of all handset camera modules, increased to approximately 31.3% from approximately 15.7% in the last year. 20-mega pixel, wide angle OIS, dual-camera and phase detection autofocus ("PDAF") handset camera modules have commenced mass production. In addition, mass production of iris recognition handset camera modules for smartphone mobile payment has been successful for a Japanese customer. The Group started to conduct in-depth cooperation with other domestic and foreign customers.

The Group has established Zhejiang Sunny Optical Intelligence Technology Co., Ltd. in Hangzhou, where the Group carried out the development, marketing and sales of 3D intelligent optical and other products and the position as a smart optical system solution provider was fixed. The outstanding high resolution products and excellent R&D strength allowed the Group to maintain its leading position in the supply chain for domestic smartphones, and our market share amongst domestic

smartphone makers was further increased. On the other hand, as competition was intensified in the smartphone industry and new products remained in cultivation, the Group's profitability suffered challenges, however, the management of the Group correspondingly adjusted the organisation and personnel of the Optoelectronic Products business segment on a timely basis. At the same time, the Group improved its profitability to a certain extent in the second half of the year through several measures such as strengthening cost controls, improving supply chain management systems, enhancing quality control capabilities and the yield rate of fine products, accelerating automation reforms and increasing the production efficiency, which has effectively reinforced the Group's competitive advantages.

During the year under review, due to the unfavourable external macroeconomy and the slowdown in domestic economic growth, the demand for industrial instruments decreased, and thus resulted in a slight decrease of approximately 4.4% to approximately RMB211.0 million for the revenue from the Optical Instruments business segment. This business segment accounted for approximately 2.0% of the Group's total revenue, as compared with approximately 2.6% in the corresponding period of last year.

During the year under review, the Group accelerated the upgrade of existing products and constantly developed high-end new products to further improve its products. The Group made courageous innovations in numerous new fields with continuing trials, strived to approach its own position as a system integrator and achieved some results. Overall intelligent and flexible production solutions won the bidding of the intelligent production line project of a state-level large-scale scientific production consortium. The dedicated project for development of major national scientific instruments and equipment led by the Group, namely "Development and Application of Trans-scale 3D Optoelectronic Vibrating Measuring Instruments", progressed smoothly and passed the interim inspection of the project. In addition, the Group also properly adjusted its organisational structure to meet its development need. Apart from strengthening its operating team, the Group further determined the position as a system integrator and the industrial direction of "digitisation, automation and computerisation" and identified the products and technologies in which breakthroughs are focused. Therefore, the Group will further increase the investment in R&D, marketing and personnel of high-end optical instruments so as to enable this business to achieve substantive breakthroughs soon to impel the new round of development of the Group.

Looking ahead, Mr. Ye Liaoning said, "In 2016, uncertain factors are expected to persistently overcast Chinese macroeconomic environments. The new normal of economic slowdown will continue in China, indicating increasingly intensified competition in the industry. Despite the difficulties, the Group is pleased to see end customers generously increasing their investments to actively enhance the specifications of existing products and trying their best in the development and

application of innovative products. Under such context, new business opportunities arising from the trends including image digitisation, universal interconnection and cognitive computing are forthcoming, and in turn entitle the Group, an optical expert in the optoelectronic field for over 30 years, to a bigger development platform with a brighter future. Looking ahead, the Group will continue to persist in its strategy of “Mingpeijiao” (名配角), so as to succeed in reaching the status as being one of the world’s most prestigious optoelectronic enterprises. The Group aims to 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 conduct unceasing exploration and be in pursuit of the optoelectronic field with its maximal enthusiasm to boost the development of its all businesses solidly with a will to achieve the corporate vision of a “Hundred Years Old Brand in optoelectronic industry”.

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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.HK) is a leading integrated optical components and products manufacturer with more than 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, 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, security surveillance systems, optical measuring instruments and high-end optical analytical instruments, which are combined with optical, electronic, software and mechanical technologies.

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