

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 2016 Interim Results

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**Product Portfolio Further Optimized Revenue Up 27.1%
Profit for the Period Attributable to Owners Increased by 51.2%**

Financial Highlights (For the six months ended 30 June)			
	2016 (RMB '000)	2015 (RMB '000)	Change
Revenue by business segments	5,909,615	4,651,228	+27.1%
– Optical Components	1,291,014	991,862	+30.2%
– Optoelectronic Products	4,505,468	3,568,825	+26.2%
– Optical Instruments	113,133	90,541	+25.0%
Gross Profit	987,982	722,042	+36.8%
Profit for the Period Attributable to Owners of the Company	465,274	307,650	+51.2%
Basic Earnings per Share (RMB cents)	43.21	28.70	+50.6%

【15 August 2016, Hong Kong】 The leading integrated optical components and products manufacturer with more than thirty years of history in the PRC, **Sunny Optical Technology (Group) Company Limited** (the “Company” or “Sunny Optical”, together with its subsidiaries, the “Group”) (Stock Code: 2382.HK), today announced its interim results for the six months ended 30 June 2016 (“period under review”).

The Group has achieved steady growth in its results for the first half of 2016, with its revenue rose by 27.1% compared to the corresponding period of last year, to approximately RMB5,910 million. During the period under review, the Group’s gross profit increased by 36.8% to approximately RMB988 million. Thanks to the increased gross profit and the effective control over operating expenses, profit for the period attributable to owners of the Company increased by 51.2% to approximately RMB465 million. Basic earnings per share amounted to approximately RMB43.21 cents.

Commenting on the Group’s performance during the period under review, Mr. Ye Liaoning, Chairman of the Board of Directors of Sunny Optical, said, “Looking back into the first half of 2016, the global smartphone industry also got trapped in a quagmire of decelerating growth. China, being the largest smartphone market, has saturated with abundant supply of smartphones which gave rise to keener industrial competition, evident industrial consolidation and remarkable brand reshuffle. However, certain local smartphone manufacturers with technical innovation capability and core competitive edge have not only seized a significant larger market share, but also moved up the technical ladder towards the mid- and high-end products, which have become a major market force to push the replacement of old smartphones with new ones. On the other hand, along with the promulgation of new decrees and regulations, certain countries and regions have further tightened their requirements on traffic safety. At the same time, there are increasing consumers who tend to take whether the smart driver assistance system has been installed as one of the important factors when selecting an auto brand. Vehicle lens sets, as an important component for the reverse image function and the smart driver assistance system, continued to enjoy strong market demand and have

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grown rapidly. In view of the above, despite the complicated operational environment and various challenges faced during enterprises' own growth, the Group achieved solid growth in overall performance by leveraging on its accumulation in technology and making adjustments to its marketing strategy in a timely manner.”

Benefiting from the adjustment in the supply chain of camera lens of smartphones and the continuous growth in the vehicle imaging field as well as the appropriate 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, leading to satisfactory results for this business segment. During the period under review, the sales revenue from this business segment amounted to approximately RMB1,291 million, representing an increase of approximately 30.2% as compared with the corresponding period of last year. This business segment accounted for approximately 21.8% of the Group's total revenue as compared with approximately 21.3% in the corresponding period of last year. During the period under review, the shipment volume of handset lens sets of the Group recorded a year-on-year growth of approximately 16.6% with product mix improvement. The proportion of shipment volume of 8-mega pixel and above handset lens sets increased from approximately 10.5% in the corresponding period of last year to approximately 37.2%, of which the proportion of shipment volume of 10-mega pixel above products was approximately 17.1% as compared with approximately 4.9% in the corresponding period of last year.

The Group has commenced mass production of handset lens sets with 13-mega pixel wide angle, 16-mega pixel large aperture and 10-mega pixel above handset lens sets with 6 pieces of plastic aspheric lenses (“6P”). The Group's customer base of handset lens sets was further optimized. In addition to continued mass production of high-end handset lens sets with 5-mega pixel wide angle and above 10-mega pixel above for a Korean customer and the continued mass production of 10-mega pixel above handset lens sets for Japanese customers, more and more high-end products, including selfies lens sets with 10-mega pixel above, wide angle, large aperture and ultra-thin lens with 10-mega pixel above have gained recognition from domestically famous handset makers and as a result, our market share in the PRC experienced a swift surge. Furthermore, leveraging on the technical advantage in optical field, the Group has launched a number of products used in emerging areas, such as VR/AR lenses and lens sets which have undergone mass production.

During the period under review, vehicle lens sets of the Group recorded a year-on-year growth of approximately 43.7% in shipment volume, and continued to improve its share in the global market.

Benefiting from the development of smartphone market and other mobile device products in the PRC, the optoelectronic products business segment recorded an impressive growth. During the period under review, the revenue from the Optoelectronic Products business segment amounted to approximately RMB4,505 million, representing an increase of approximately 26.2% over the corresponding period of last year. This business segment accounted for approximately 76.2% of the Group's total revenue as compared with approximately 76.7% for the corresponding period of last year. During the period under review, the proportion of shipment volume of 10-mega pixel above handset camera modules increased from approximately 20.2% in the corresponding period of last year to approximately 59.6%.

During the period under review, the Group commenced mass production of dual-camera handset modules with 12-mega pixel, and became the major supplier of such products. In addition, the Group also carried out full collaboration with its domestic and overseas customers in the areas of iris recognition and AR with some of the products already at mass production stage. Superior products with high pixel, coupled with advanced technologies and first-mover advantage, allowed the Group to maintain its leading position in the supply chain of smartphones in China, further increasing the Group's market share amongst the domestic branded smartphone manufacturers.

During the period under review, as affected by the slow recovery of global economy and the slowdown in domestic economic growth, the demand for industrial instruments decreased. However, as a result of increased efforts put into new product development and market expansion by the Group, the revenue from the Optical Instruments business segment increased by approximately 25.0% to approximately RMB113 million. This business segment accounted for approximately 2.0% of the Group's total revenue, as compared with approximately 2.0% in the corresponding period of last year.

During the period under review, the Group conducted technological upgrade of existing products and continuously advanced its lean management, so as to further enhance the performance and economic benefits of the products. The Group will further increase its investment in the R&D and marketing of high-end optical instruments in order to foster its mid- to long-term steady development.

Looking ahead, Mr. Ye Liaoning said, "The solid performance of Sunny Optical can't be achieved without the hard work of all the staff. We will continue to uphold the mission of building a stronger and bigger group and strive to make progress with innovation based on the solid foundation. Although uncertainties will continue to overshadow the growth of the global economy, we basically remain positive on the full-year performance. Nowadays, both traditional mobile device manufacturers and hi-tech dot-coms are vigorously penetrating into smart home, industry internet, games, logistics and other fields with great enthusiasm. As such, new business opportunities have emerged with huge development potential. Taking advantage of its outstanding R&D capabilities, technological innovation abilities and the first-mover advantage in establishing the market presence, the Group's products and services have gained recognition from global top-tier hi-tech companies, bringing about many valuable cooperation opportunities, which have in turn established a good foundation for the Company's mid- to long-term development. We will continue accelerating our business transformation and upgrade, firmly implementing our development strategies formulated at the beginning of the year to realize the transformation from an optical products manufacturer to a smart optical systems solution provider, and from an instrument manufacturer to a system integrator."

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

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