



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)

(Stock code: 2382)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

PROFIT WARNING

It is expected that the unaudited net profit of the Group for the six months ended 30 June 2008 may decrease significantly as compared with the unaudited net profit of the same period in 2007.

Potential investors and shareholders of the Company should exercise caution when dealing in the securities of the Company.

This announcement is made by Sunny Optical Technology (Group) Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

PROFIT WARNING

It is expected that the unaudited net profit of the Group for the six months ended 30 June 2008 may decrease significantly as compared with the unaudited net profit of the same period in 2007.

The unaudited net profit of the Group for the six months ended 30 June 2007 amounted to approximately RMB102.09 million.

The board of directors of the Company (“**Board**”) considers that the anticipated decrease in unaudited net profit was primarily attributable to the following factors:

1. severe pressure exerted by customers on prices and intense competition in the market for the lens sets and camera modules of VGA mobile phones, which are the major sources of the revenue of the Group;
2. the appreciation in Renminbi, the increase in labour costs and the increase in effective tax rate applicable to the Group; and

3. the increase in research and development costs.

The Board considers that the overall operations of the Group as a whole remain sound and intact, and the financial position of the Group remains solid. Existing research and development programs, along with the management measures being implemented to improve the operations of the Company, are expected to ameliorate most of the current unfavourable effects on the Company's profitability.

This profit warning announcement is only based on the preliminary calculations by the Board in accordance with the management accounts of the Group. Shareholders of the Company and investors are advised to carefully read the interim report of the Company for the six months ended 30 June 2008, which is expected to be published on the website of the Company at www.sunnyoptical.com and on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk around August 2008.

Potential investors and shareholders of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board of
Sunny Optical Technology (Group) Company Limited
Wang Wenjian
Chairman and Executive Director

People's Republic of China, 7 July 2008

As at the date of this announcement, the Board comprises Mr. Wang Wenjian, Mr. Ye Liaoning, Mr. Xie Minghua and Mr. Wu Jinxian, who are executive directors, and Mr. Shao Yang Dong and Mr. Michael David Ricks, who are non-executive directors, and Dr. Chang Mei Dick, Mr. Koji Suzuki, Dr. Liu Xu and Mr. Zhang Yuqing, who are independent non-executive directors.