



**Sunny Optical Technology (Group) Company Limited**

**舜宇光學科技(集團)有限公司**

股份代号: 2382

***2010 Annual Results  
Announcement***

***Corporate Presentation***

***March 2011***



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# Agenda



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***Outlook and Development Strategies***

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# Financial Highlights



# Result Highlights



Experienced the financial crisis in 2008, the Group has begun to restore the sound growth momentum.

	2009	2010	Change
<i>(RMB mn)</i>			
			<i>For the years ended 31 December</i>
<b>Revenue</b>	1,309.6	<b>1,818.1</b>	<b>+38.8%</b>
<b>Gross profit</b>	274.0	<b>392.0</b>	<b>+43.1%</b>
<b>Impairment loss on goodwill</b>	--	<b>8.1</b>	<b>N/A</b>
<b>Profit before tax</b>	99.7	<b>164.9</b>	<b>+65.4%</b>
<b>Income tax expense</b>	(12.8)	<b>(26.7)</b>	<b>+108.9%</b>
<b>Profit attributable to owners</b>	91.9	<b>143.8</b>	<b>+56.4%</b>
<b>Basic earnings per share</b> <i>(RMB cents)</i>	9.19	<b>14.7</b>	<b>+60.0%</b>
<b>Proposed final dividend</b> <i>(RMB cents)</i>	2.0	<b>4.35</b>	<b>+117.5%</b>



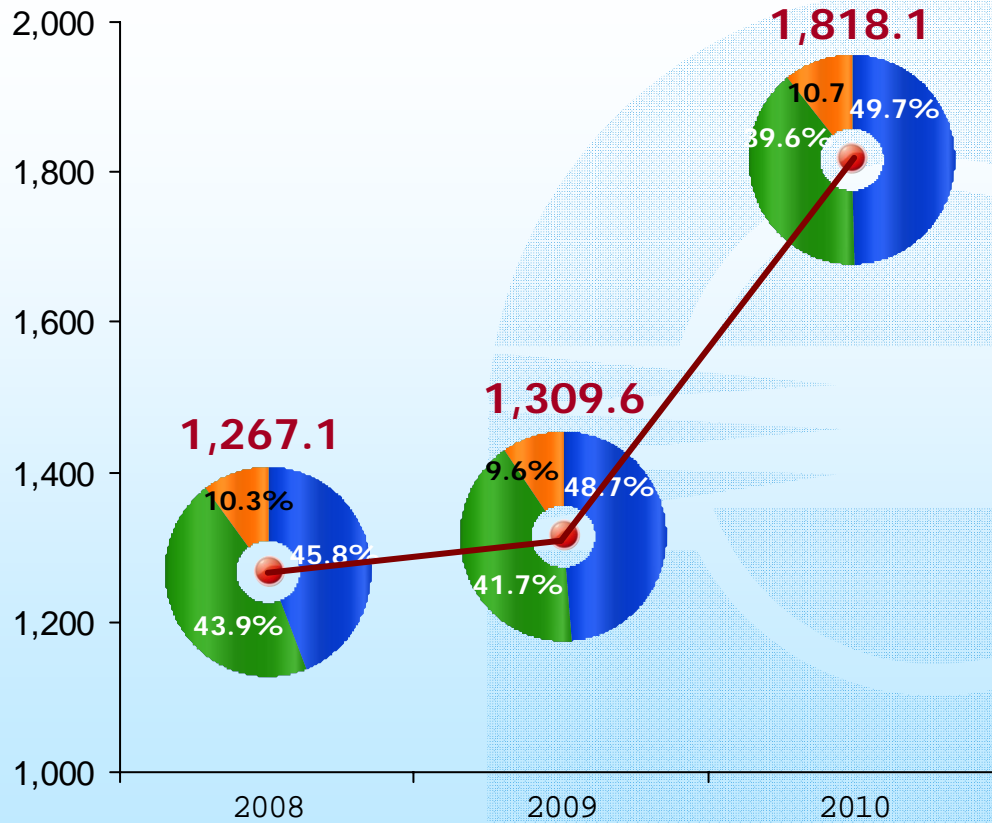
# Revenue Breakdown



Recorded Satisfactory Growth in Sales of All Business Segments

## Business Segment Sales as a Percentage of Total Revenue

(RMB mn)



(RMB mn)

2008

2009

2010

For the years ended 31 December

Optical Components

580.0

637.3

903.3

Opto-electronic Products

557.1

545.7

720.1

Optical Instruments

130.0

126.6

194.7

Total Revenue

1,267.1

1,309.6

1,818.1

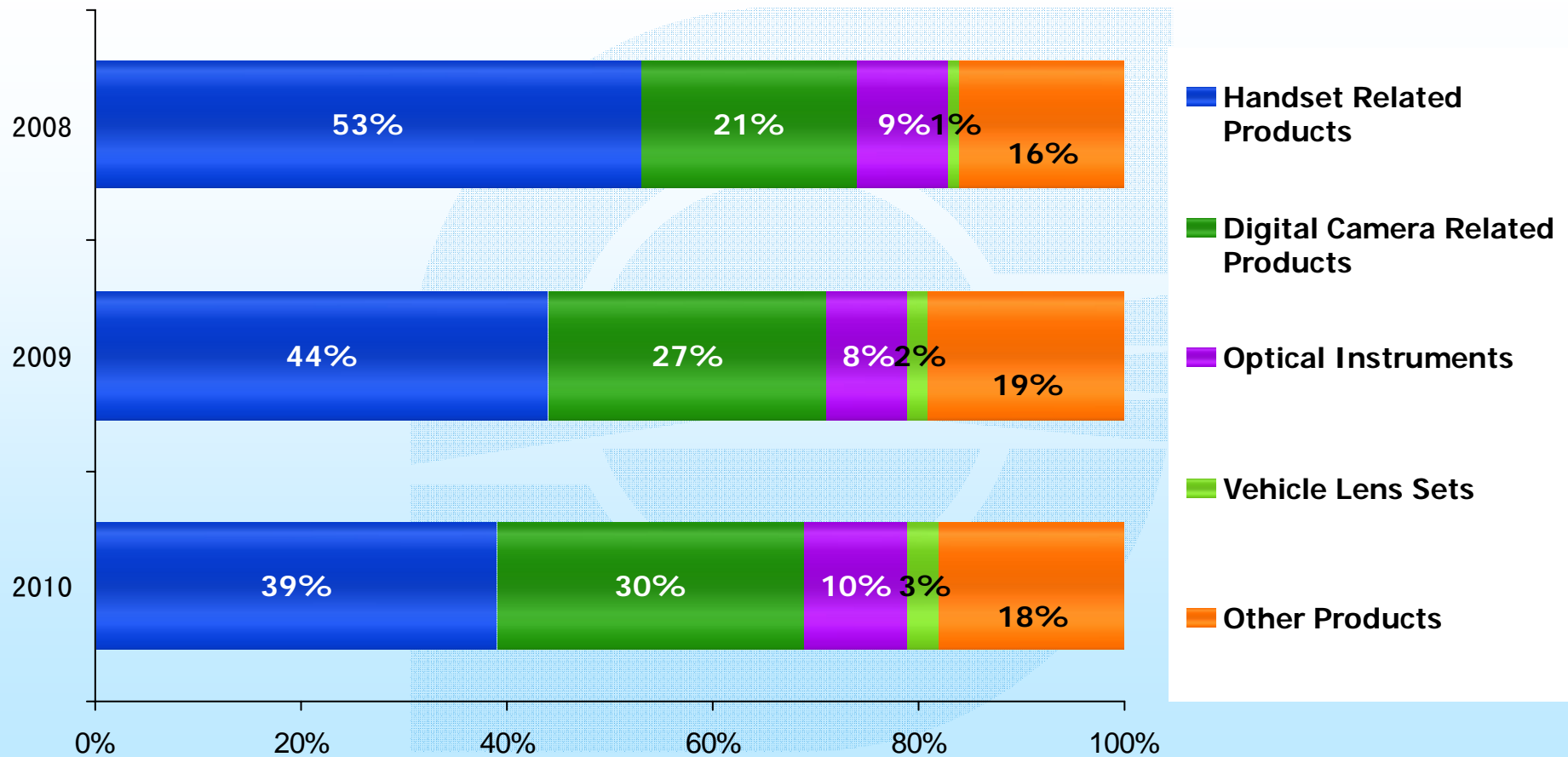
Optical Components  
Optical Instruments

Optoelectronic Products  
Revenue

# Extensive Product Applications



## Sales Breakdown by Products



Percentage of Sales of the Group's Revenue for the years ended 31 December

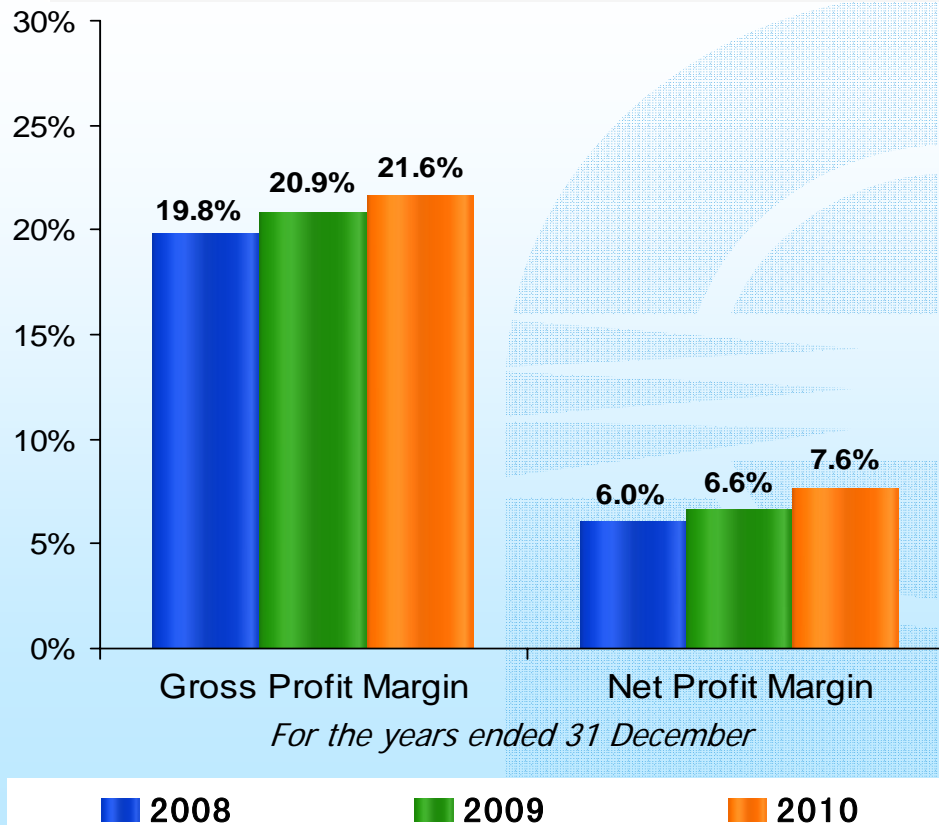


# Profit Margin Overview

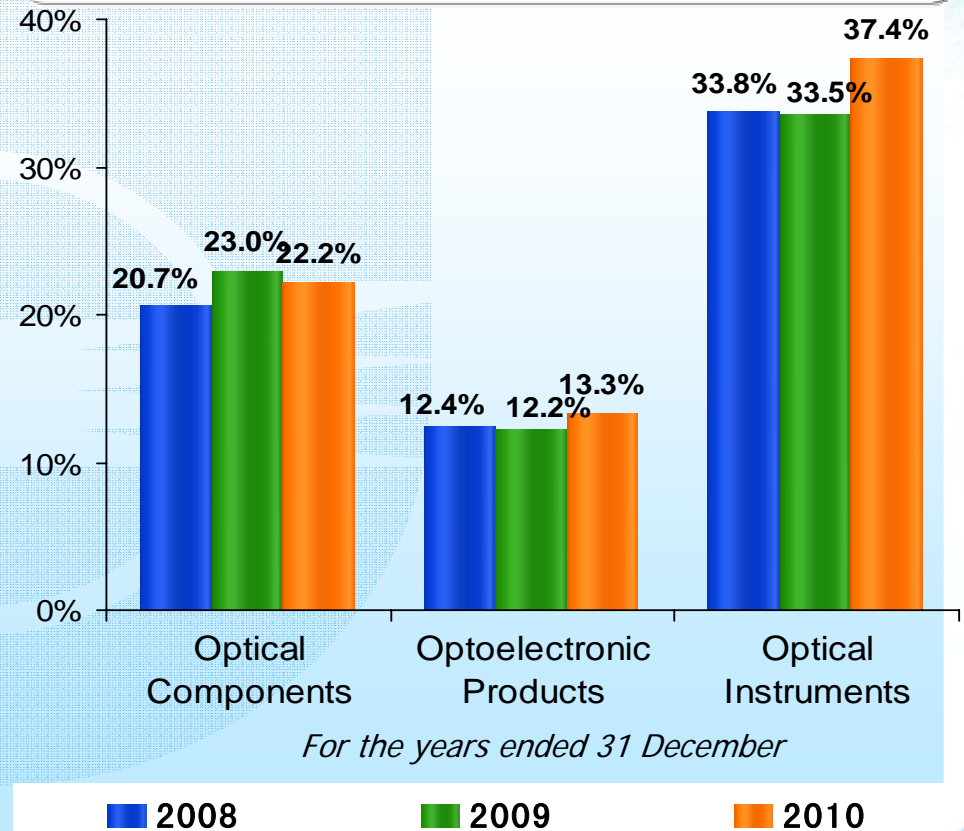
- Increase in gross profit margin is mainly due to:
  1. Improvement in product mix
  2. Increase in utilization rate
  3. Positive effects on implementation of Lean Production

- Increase in net profit margin is mainly due to:
  1. Increase in gross profit
  2. Effective control over operation expenses

## Gross Profit Margin and Net Profit Margin



## Gross Profit Margin by Business Segments



\* Since the optical spherical lens sales as a proportion of Optical Components sales increased, gross profit of Optical Components business segment decreased slightly



# Operating Expenses Analysis



2008

2009

2010

For the years ended 31 December

<i>(RMB mn)</i>		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>
<b>Revenue</b>	1,267.1	100.0%	1,309.6	100.0%	1,818.1	100.0
<b>Total operating expenses</b>	195.1	15.3%	196.4	15.0%	250.9	13.8%
<b>Selling and distribution expenses</b>	31.0	2.4%	31.9	2.4%	43.9	2.4%
<b>R&amp;D expenditure</b>	56.1	4.4%	75.9	5.8%	99.6	5.5%
<b>Administrative expenses</b>	108.0	8.5%	88.6	6.8%	107.4	5.9%

# Solid Financial Position



	2008	2009	2010
	<i>For the years ended 31 December</i>		
<b>Current ratio (times)</b>	4.9	3.8	<b>3.1</b>
<b>Operating cashflow (RMB mn)</b>	202.7	130.6	<b>185.1</b>
<b>Bank balances and cash (RMB mn)</b>	387.5	740.3	<b>188.3</b>
<b>*Bank guaranteed entrusted loan receivables (RMB mn)</b>	/	/	<b>585.0</b>
<b>Gearing ratio (%)</b>	2.2	3.1	<b>5.5</b>
<b>ROE (%)</b>	5.6	6.0	<b>9.0</b>
<b>Capital expenditure (RMB mn)</b>	150.2	75.7	<b>66.7</b>

**\*Note: As of 14 March 2011, RMB 275 million of bank guaranteed entrusted loan receivables have been repaid**



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# Review of Operations





# Fruitful Achievements in R&D – Hi-tech Barrier

*Possessed 109 Patents*



## ■ Unceasing Upgrade of Existing Products Needs Core Technology Competence

- Mass production for 5- mega and 8- mega pixel handset camera modules with auto-focus function has been successfully launched
- Development of 12-mega pixel handset camera modules has accomplished
- Reflow handset camera modules, which enjoyed cost advantages and required high technology commenced the mass production
- The Group has obtained the ascendant capability in producing DSLR lenses highlighted with high precision and sophistication

## ■ Developments of Products for Emerging Optical Applications Requires Innovation in R&D and Accumulation in Technology

- Utility model patents for various lens sets for vehicles have been obtained in spite of strict requirements of environmental testing
- Developments for numbers of teaching interactively microscope systems, analytical instruments oriented for spectrophotometer, gas chromatograph and mass spectrometer and high-end measuring machines have been accomplished
- Security surveillance products entered into R&D upgrading procedures
- Development for several types of micro-projectors and engines have been accomplished

## ■ Production Technology Needs to be Upgraded Continuously

- “Particle-resistant gluing technique for camera modules for handset with high resolution technology” which has obtained invention patent
- Breakthrough has been made in the technology for manufacturing glass aspheric lenses named “several cavities per mold”
- Breakthrough has been secured in molding of plastic aspheric lens with narrow path
- Automatic production and inspection technology for lens sets was further developed and applied
- DIC “Differential Interference Contrast” technology achieved and strengthen the leading position of domestic microscope industry

### Optical Components



### Opto-electronic Products



### Optical Instruments



# Strong Client Base



## Top Five Customers

Samsung

Panasonic

Huawei

ZTE

Nikon

## Renowned Customers

### *DSC Lenses Business*

Samsung  
Panasonic  
Nikon  
Sony  
Olympus  
Konica-Minolta  
Pentax  
Topcon  
Fujinon  
NEC  
LG

### *Handset Lens Sets Business*

Sharp (Nokia)  
Samsung  
Foxconn  
Truly  
Global Optics

### *Handset Camera Modules Business*

Sharp  
Huawei  
ZTE  
Coolpad  
Lenovo  
Oppo  
Tianyu  
Sangfei  
Foxconn  
Gionee

### *Optical Instruments Business*

Keyence  
Carl Zeiss  
Optika  
Amscope

### *Other Businesses*

Panasonic  
Sanyo  
Liteon  
Primax  
Magna  
Continental  
Delphi  
Autoliv  
Steel-mate  
TTE  
Ricoh  
Sindoh  
Silitech  
Microtek

# Capacity Utilization Rates



	2008	2009	2010
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*For the years ended 31 December*

<b>Lenses</b> <i>(mn units)</i>	70.4%	85.0%	88.4%
<b>Lens sets</b> <i>(mn units)</i>	47.8%	64.9%	75.1%
<b>Optoelectronic products</b> <i>(mn units)</i>	45.7%	43.1%	70.2%
<b>Optical instruments</b> <i>('000 sets)</i>	62.7%	61.8%	86.2%

## **2011 CAPEX Plan:**

- RMB 150 million for expansion of existing production capacities and set up capacity for new products
- RMB 100 million for establishing a new production base in Henan





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# Outlook and Development Strategies

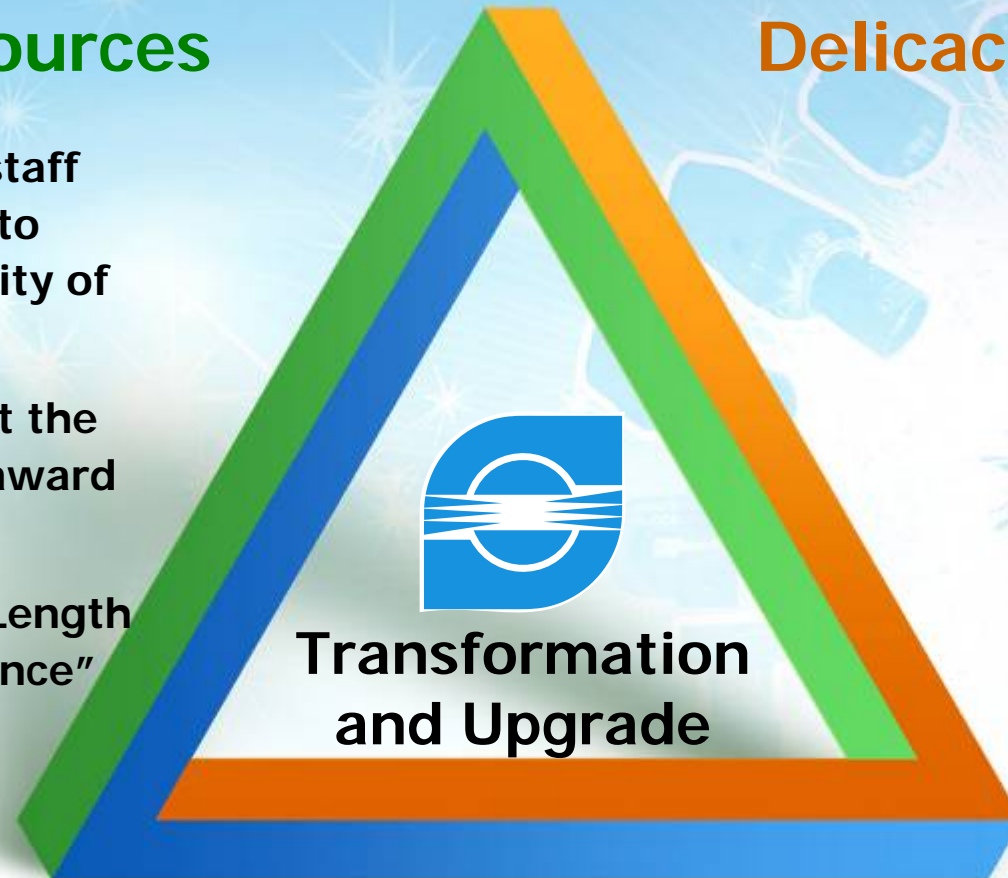


# Carry Out Management Innovation in Every Way



## Human Resources

- Introduction of staff capability model to enhance the quality of the staff
- Continue to adopt the restricted share award scheme
- Implement the “Length of Service Allowance” system



## Delicacy Management

- Continuous implementation of “Lean Production”
- Enhance operational efficiency and quality
- Build a brand management system

## IT System

- Thorough implementation of the SAP system to support the business operation and development

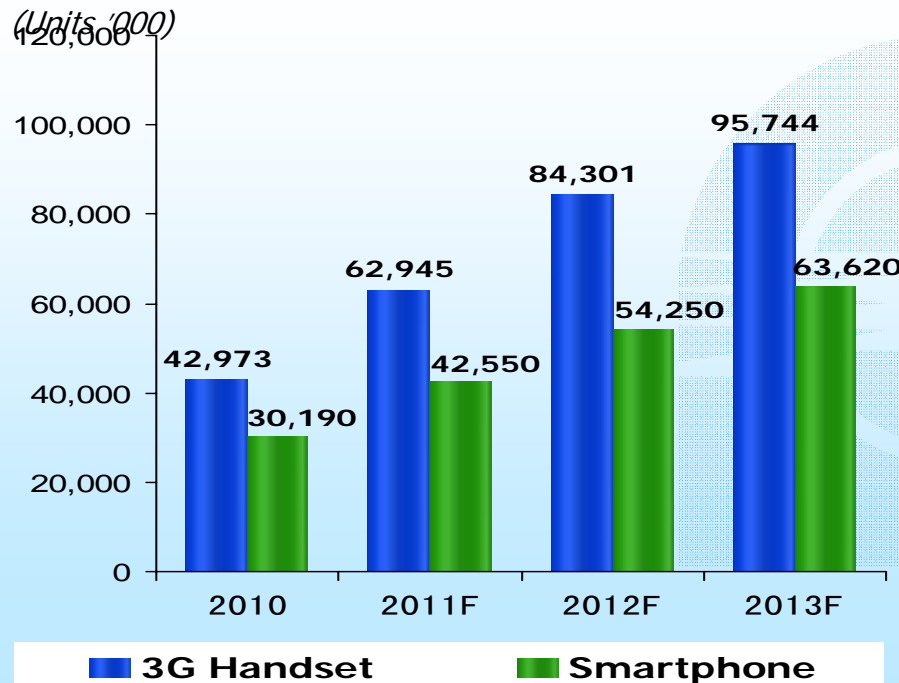


# Dedicated to and Focused on the Existing Industries



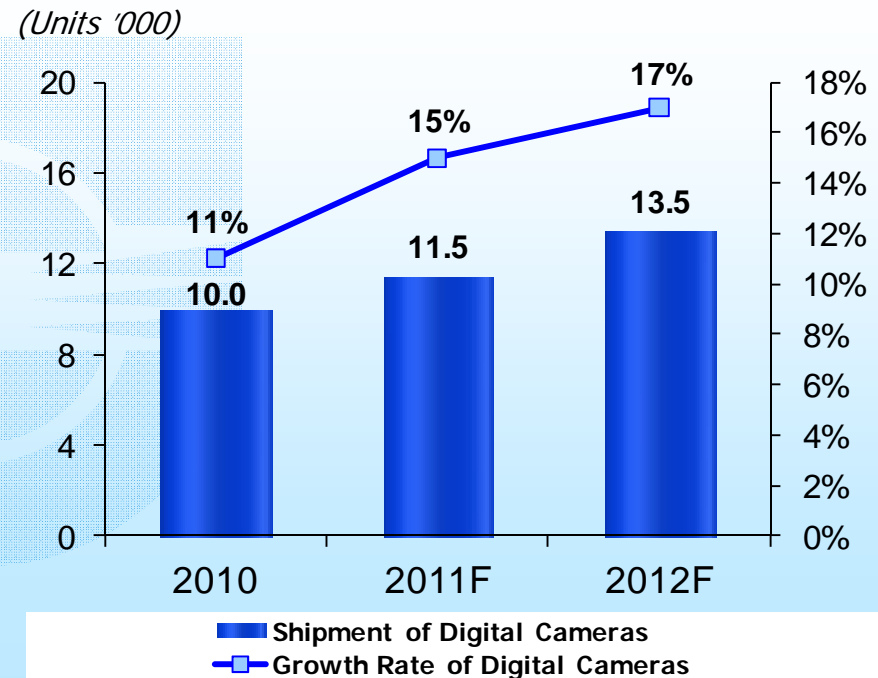
- Enhance the level of customer base and enter into the high-end markets
- Enrich the product mix to take advantage of its competitiveness
- Enhance R&D capabilities and added value of products
- For handset camera lens sets and camera modules, strive to enter into first class international handset supply chain
- Enhance the production capability of DSLR camera lens, aim to be No.1 of DSLR lens supplier
- Further develop both domestic and overseas markets of optical instruments

**Domestic Shipment of 3G Handsets and Smartphones (2010 – 2013F)**



Source: iSuppli

**Global Shipment and Growth Rate of DC (2010 – 2012F)**



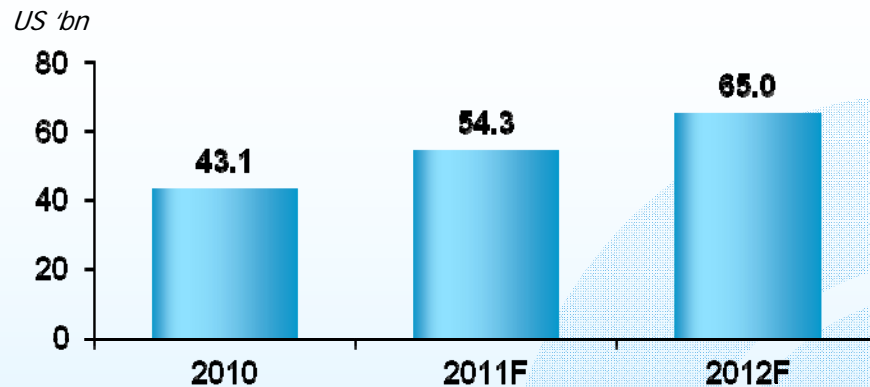
Source: MIC



# Accelerate the Development of New Business



## Market Forecast of Domestic Video Security System

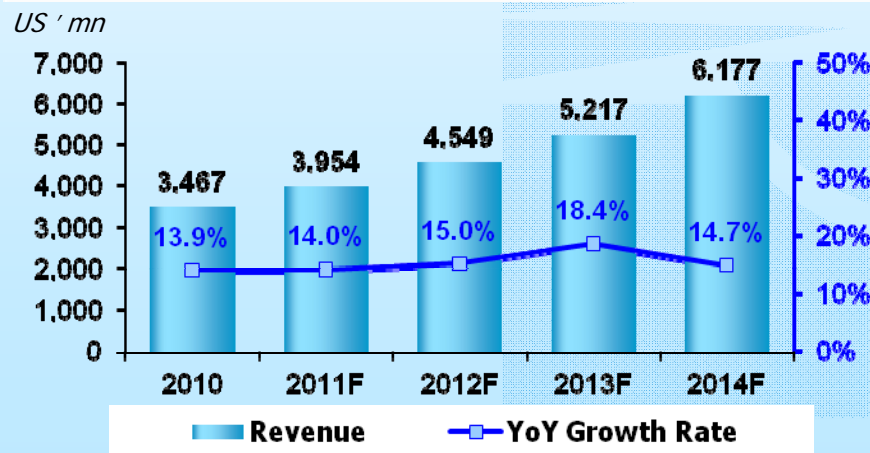


Source: IDC



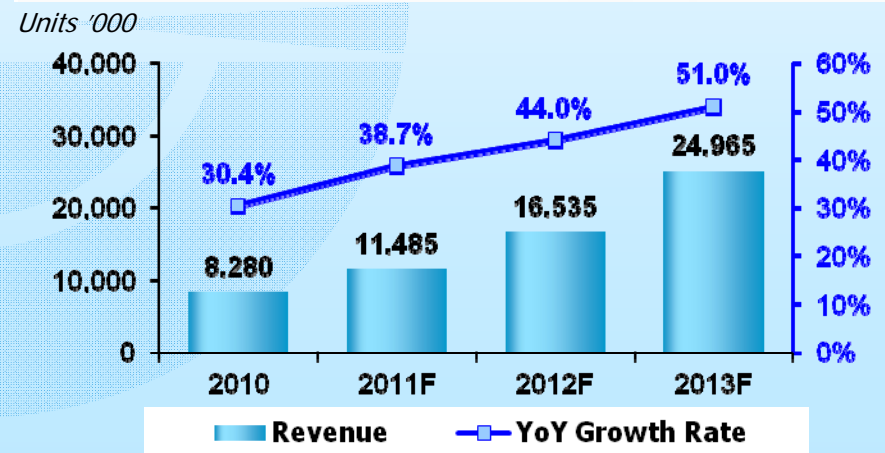
- Maintain a rapid growth on vehicle imaging business with incessant exploration
- Make every effort to develop the business of infrared products, aim to double the Group's revenue in the future
- Speed up the R&D and marketing of security cameras

## Market Forecast of Global Infrared Instruments



Source: Maxtech International Inc.

## Global Market Forecast of Vehicle Camera Lens Module



Source: Techno Systems Research

# Development Strategies



**Dedicated to and focused on  
the existing industries**



**Accelerate the  
development of  
new businesses**

**Carry out management  
innovation in every way**





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# Open Forum

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