



**Sunny Optical Technology (Group) Company Limited**  
**舜宇光學科技(集團)有限公司**

Stock Code: 2382

*2011 Interim Results  
Corporate Presentation*

*August 2011*



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# Agenda



1

Financial Highlights

2

Review of Operations

3

Outlook and Development Strategies

4

Open Forum



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# Financial Highlights



# Financial Highlights



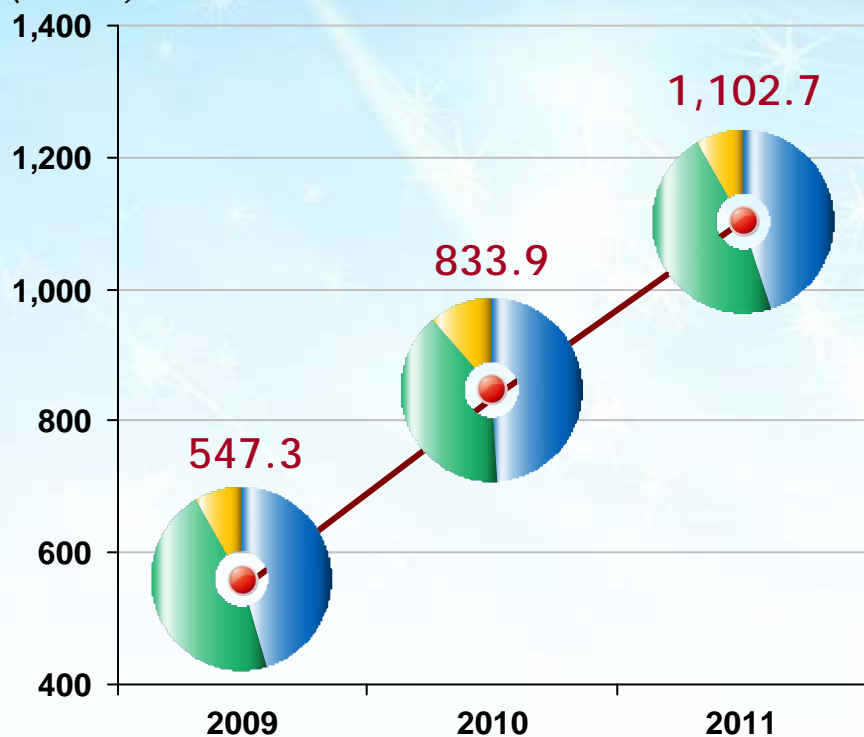
	2010	2011	Change
<i>(RMB mn)</i>	<i>For the 6 months ended 30 Jun</i>		
Revenue	833.9	1102.7	+ 32.2%
Gross Profit	177.7	235.6	+ 32.6%
Profit Before Tax	66.0	110.2	+ 67.0%
Income Tax Expense	(16.0)	(22.7)	+ 42.1%
Profit Attributable to Owners	54.8	91.5	+ 67.0%
Basic Earnings per Share <i>(RMB cents)</i>	5.54	9.48	+ 71.1%

# Revenue Breakdown

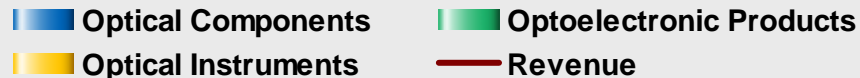


## Business Segment Sales as a Percentage of Total Revenue

(RMB mn)



For the 6 months ended 30 Jun



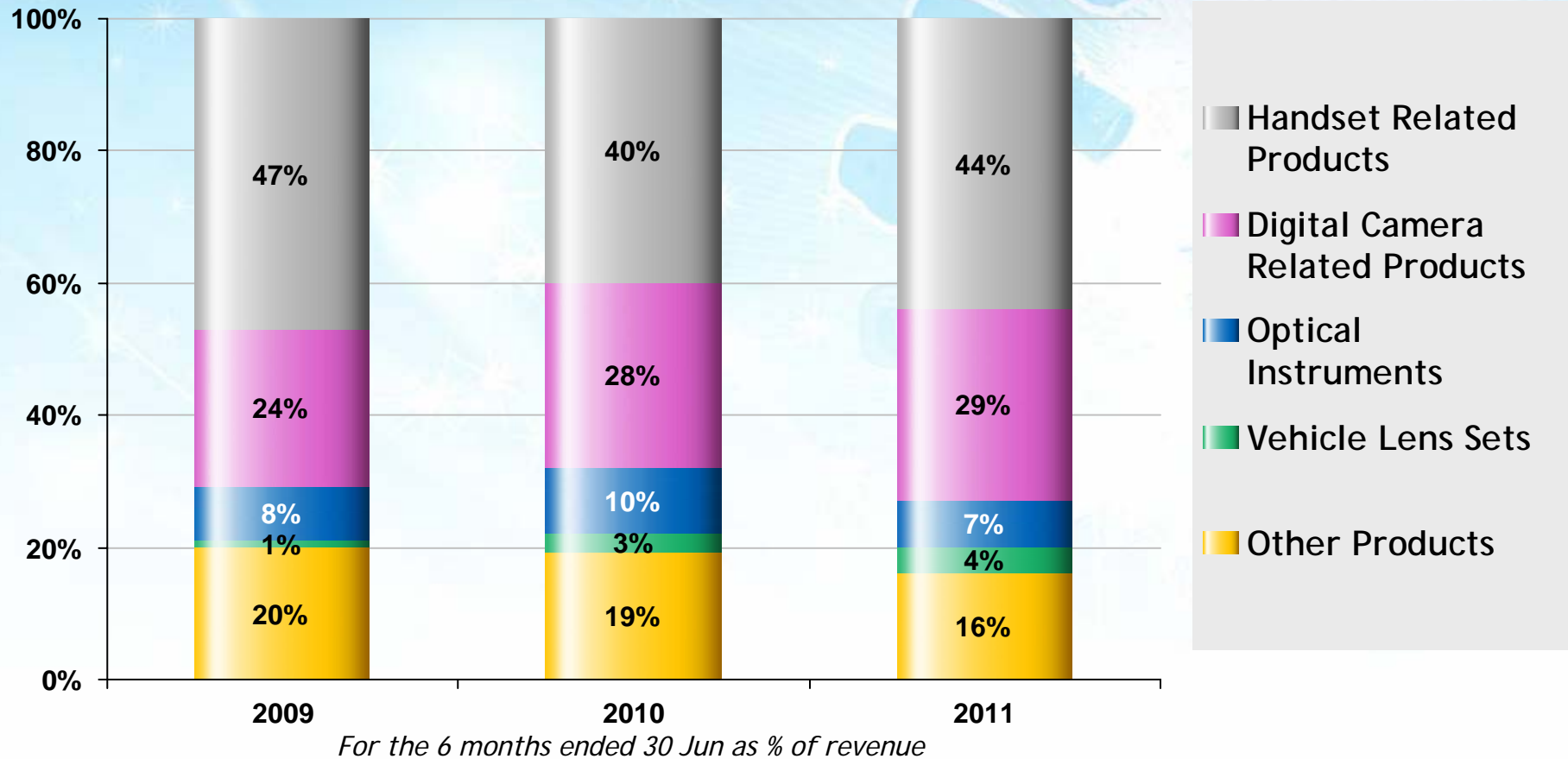
	2009	2010	2011	Change from 2010 to 2011
(RMB mn)	For the 6 months ended 30 Jun			
Optical Components	249.5	407.3	494.3	+ 21.3%
Optoelectronic Products	250.2	333.8	517.7	+ 55.1%
* Optical Instruments	47.6	92.8	90.7	- 2.3%
<b>Total Revenue</b>	<b>547.3</b>	<b>833.9</b>	<b>1102.7</b>	<b>+ 32.2%</b>

\* Note: Mainly due to a one-off Japanese bid-order of approximately RMB11.5 m obtained in the corresponding period of last year

# Widening Product Applications



## Sales Breakdown by Product Applications



# Margins Overview



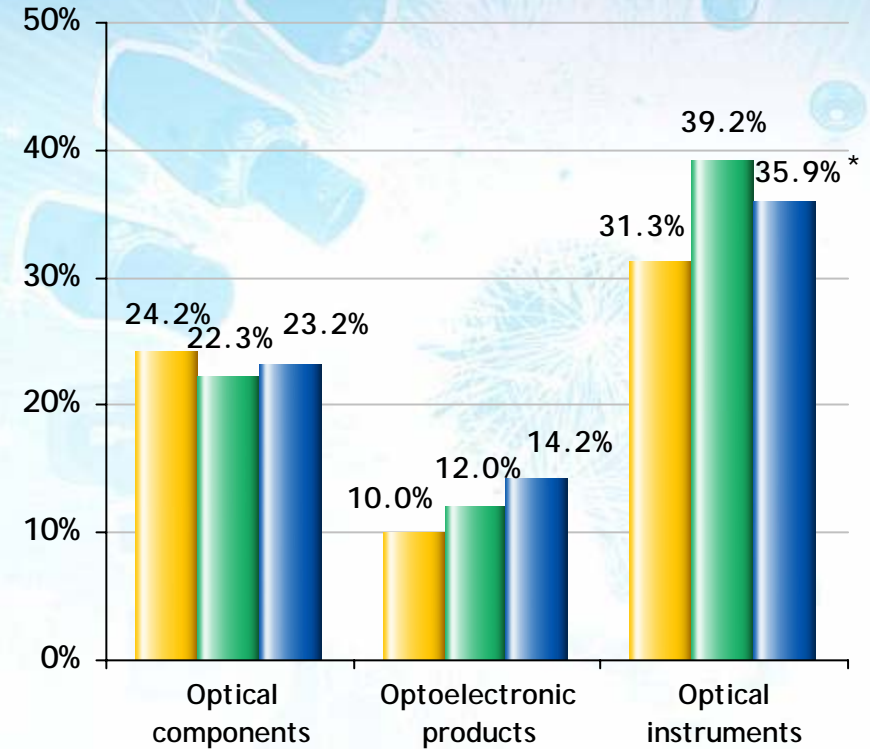
## Gross Profit Margin and Net Profit Margin



For the 6 months ended 30 Jun

2009 2010 2011

## Gross Profit Margin by Business Segments



For the 6 months ended 30 Jun

2009 2010 2011

\* Note: Mainly due to the decrease in utilization rate as compared with the corresponding period of last year



# Operating Expenses Analysis



<i>(RMB mn)</i>	2009		2010		2011	
	<i>For the 6 months ended 30 Jun</i>					
		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>
Revenue	547.3	100.0%	833.9	100.0%	1102.7	100.0%
Total Operating Expenses	91.1	16.6%	115.9	13.9%	140.7	12.8%
Selling and Distribution Expenses	13.6	2.5%	20.6	2.5%	25.9	2.4%
R&D Expenses	37.4	6.8%	45.5	5.5%	51.7	4.7%
Administrative Expenses	40.1	7.3%	49.8	5.9%	63.1	5.7%

\* Note: Effective control leads to decrease in ratios of various operating expenses to revenue

# Solid Financial Position



	2009	2010	2011
	<i>For the 6 months ended 30 Jun</i>		
<b>Current Ratio (times)</b>	5.0	3.2	<b>3.1</b>
<b>Operating Cashflow (RMB mn)</b>	46.6	49.1	<b>47.3</b>
<b>Cash and Cash Equivalent (RMB mn)</b>	706.4	763.8	<b>752.2</b>
Bank balances and cash (RMB mn)	689.0	666.5	<b>298.2</b>
Pledged Bank Deposits (RMB mn)	17.4	97.3	<b>48.0</b>
*Financial Assets Designated as at Fair Value through Profit or Loss (RMB mn)	0	0	<b>51.0</b>
Bank Guaranteed Entrusted Loan Receivables (RMB mn)	0	0	<b>355.0</b>
<b>Gearing Ratio (%)</b>	3.2	6.9	<b>4.1</b>
<b>ROE (%)</b>	1.5	3.5	<b>5.6</b>
<b>Capital Expenditure (RMB mn)</b>	29.6	35.5	<b>94.7</b>

\* Note: All received as of 18 August, 2011



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# Review of Operations



# Market Overview



## *Economy Recovered Gradually* *Markets Revived*



### Handset Market



- Shipment volume of global smartphones increased persistently, and reached 200 million units in the first half of 2011 (Sources: IDC)
- Price cuts of smartphones stimulate demand

### DC Market



- Global demand of DSLR remained strong, with shipment volume reached 6.75 million units in the first half of 2011 (Sources: CIPA)
- Japanese manufacturers shifted to procure more components from China, benefiting domestic suppliers of lenses

### Optical Instrument Market



- Recovery of global economy, boosted the demand in the first half of 2011
- PRC Government increased investments in environmental protection and food safety has driven the demand for optical analytical instruments

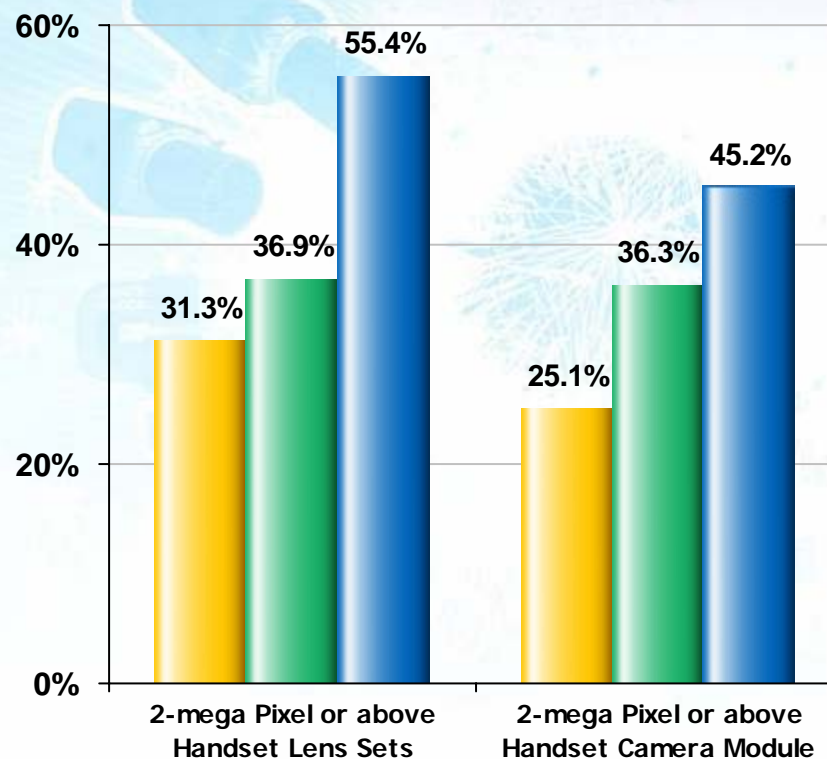
# Business Review



## *Grasped the Momentum of Economic Recovery Business Performance Improved in 2011 1H*

### 2-mega Pixel or above Handset Lens Sets and Handset Camera Module Shipment Volume Proportion of Total Shipment Volume

- Improved customer base and product mix
- Obtained MP qualifications from famous international manufacturers including Sharp and Nokia
- Entered into long term cooperative agreement with Samsung Electronics Corporation
- Started the construction of the new production base in Xinyang of Henan Province, for producing glass spherical lenses and plane products



For the 6 months ended 30 Jun

2009

2010

2011

# Research & Development



*Further Strengthen R & D Capabilities  
Consolidate the Leading Position in the Industry*

*Conducted R & D on products with focus*

*Kept Pace with Market  
Needs of Emerging  
Optical Application  
Fields*

*Improved Processing  
Technology Level*

Optical  
Components

Optoelectronic  
Products

Optical  
Instruments

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

*Possessed 131 Patents*



- **Unceasing Upgrade of Existing Products Needs Core Technology Competence**
  - Mass production for 5- mega and 8- mega pixel handset lens sets and 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**
  - Several types of vehicle lens sets obtained utility model patents 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
  - Various infrared lens sets developed for vehicle and security use
- **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



## Optoelectronic Products



## Optical Instruments



# Strong Client Base



## Top Five Customers

Huawei

Samsung

Panasonic

Gionee

Nikon

## Renowned Customers

*DSC Lenses Business*

*Handset Lens Sets Business*

*Handset Camera Modules Business*

*Optical Instruments Business*

*Other Businesses*

Samsung

Panasonic

Nikon

Sony

Olympus

Konica-Minolta

Pentax

Topcon

Fujinon

NEC

LG

Sharp (Nokia)

Foxconn

Truly

Sharp

Huawei

ZTE

Coolpad

Lenovo

Oppo

Tianyu

Sangfei

Foxconn

Gionee

TCL

Keyence

Carl Zeiss

Optika

Amscope

Olympus

Panasonic

Sanyo

Liteon

Primax

Magna

Continental

Delphi

Autoliv  
Steel-mate

TTE

Ricoh

Sindoh

Silitech

Microtek



# Utilization Rate



## Utilization Rate

*For the 6 months ended 30 Jun*

	2009	2010	2011
Lenses	74.5%	88.1%	87.6%
Lens Sets	50.1%	65.3%	72.0%
Optoelectronic Products	32.0%	56.2%	84.3%
Optical Instruments	46.0%	90.3%	82.7%

# Awards and Recognitions



## *Inclusion into Morgan Stanley Capital International (MSCI) Global Small Cap Indices - China Index*



Certificate of  
Prestigious  
Product in  
Zhejiang  
Province 2011



Zhejiang Delicacy  
Management Model  
Enterprise 2011



Pioneering and  
Innovative  
Complex Model  
Enterprise 2011



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# Outlook and Development Strategies



# Development Strategies



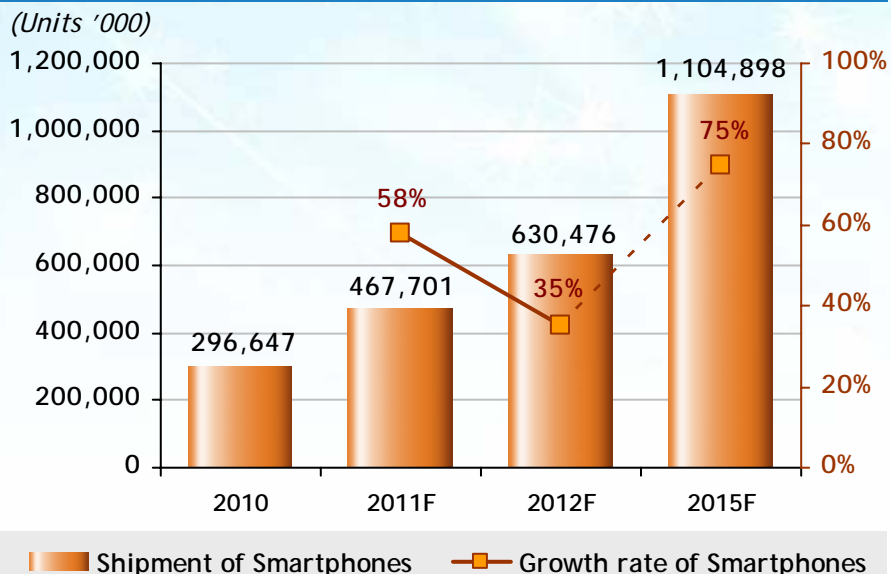
# Dedicated to and Focused on the Existing Industries



- Reinforce cooperation with existing customers
- Strive to be the most valuable supplier of existing clients
- Persist in exploring international clients

- Maintain leading position in the industry
- Enrich product mix and promote products to high-end market
- Commence construction of the production base in Henan

## Global Shipment and Growth Rate of Smartphones (2010 - 2015F)



Source: Gartner

## Global Shipment and Growth Rate of DSLR (2010 - 2012F)



Source: MIC

# Accelerate the Development of New Business

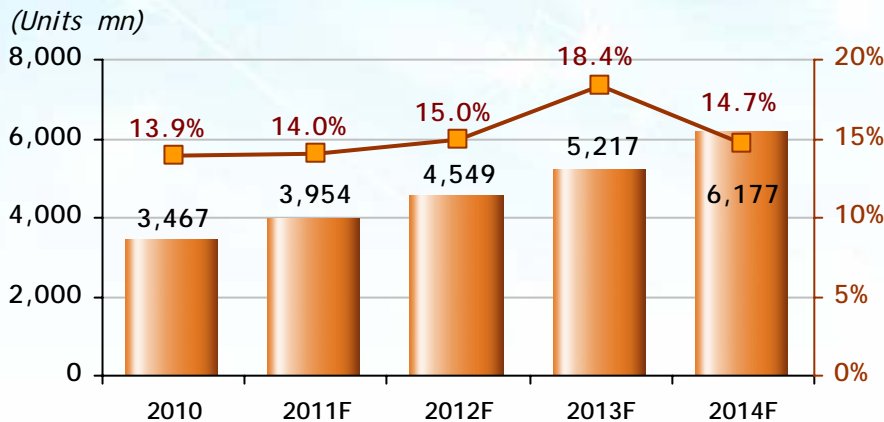


## Market Forecast of Domestic Video Security System



Source: IDC

## Market Forecast of Global Infrared Instruments



Revenue YoY Growth rate

Source: Maxtech International Inc.

- Reinforce the construction of the organization, manpower and system of new businesses, input resources to push for the company's strategic transformation
- Strengthen the vehicle imaging business distribution in major areas
- Promote the commercialization of security products
- Further develop new applications of infrared products in civilian area
- Enhance the R&D in high-end optical instruments

## Global Market Forecast of Vehicle Camera Lens Module



Revenue YoY Growth rate

Source: Techno Systems Research

# Carry out all-round Management Innovation



## Push Forward Delicacy Management



- Continue to push forward "Lean Production"
- Thorough implementation of the SAP system
- Upgrade operational efficiency and quality level

## Stabilize Core Workforce



- Continue the restricted share award scheme
- Implement the "Length of Service Allowance" system
- Improve the appraisal system, training system and remuneration system



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# Open Forum

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