



Sunny Optical Technology (Group) Company Limited

舜宇光學科技(集團)有限公司

Stock Code: 2382

2011 Annual Results Announcement Corporate Presentation

March 2012





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Financial Highlights



Financial Highlights

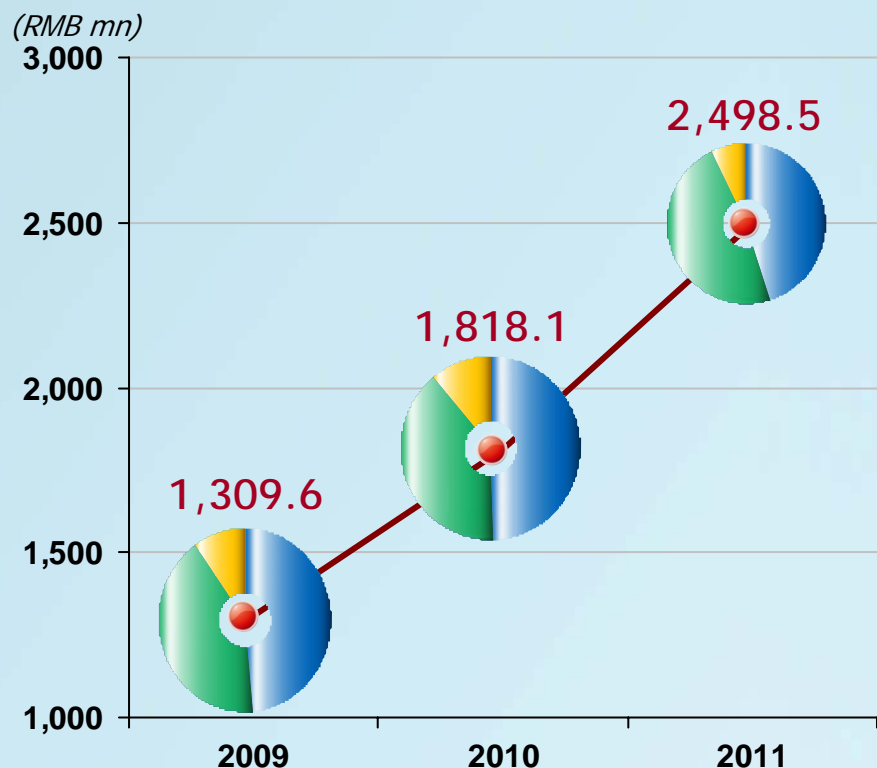


	2010	2011	Change
<i>(RMB mn)</i>	<i>For the years ended 31 December</i>		
Revenue	1,818.1	2,498.5	+ 37.4%
Gross Profit	392.0	522.8	+ 33.4%
Profit Before Tax	164.9	239.6	+ 45.3%
Income Tax Expense	(26.7)	(37.8)	+ 42.0%
Profit for the year	143.8	215.3	+ 49.7%
Attributable to Owners			
Basic Earnings per Share <i>(RMB cents)</i>	14.7	22.3	+ 51.7%
Proposed Final Dividend <i>(RMB cents)</i>	4.35	7.10	+ 63.2%

Revenue Breakdown



Business Segments Sales of Total Revenue



For the years ended 31 December

■ Optical Components ■ Optoelectronic Products
■ Optical Instruments — Total Revenue

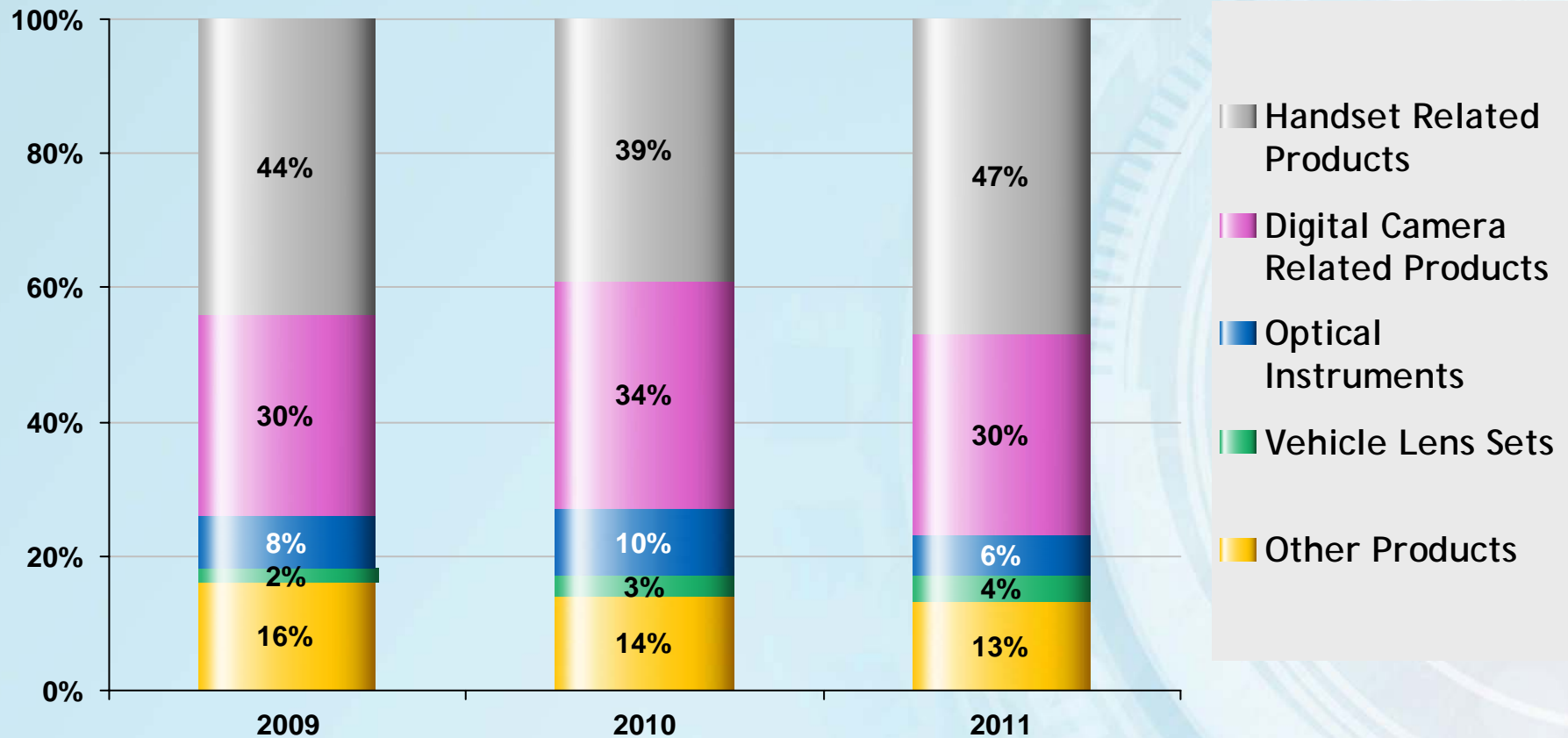
	2009	2010	2011	Change between 2011 and 2010
(RMB mn)	For the years ended 31 December			
Optical Components	637.3	903.3	1,127.7	+ 24.8%
Optoelectronic Products	545.7	720.1	1,193.0	+ 65.7%
Optical Instruments *	126.6	194.7	177.8	- 8.7%
Total Revenue	1,309.6	1,818.1	2,498.5	+ 37.4%

**Note: Mainly due to a one-off Japanese bid-order of approximately RMB 17.0m obtained in 2010*

Extensive Product Applications



Sales Breakdown by Product Applications

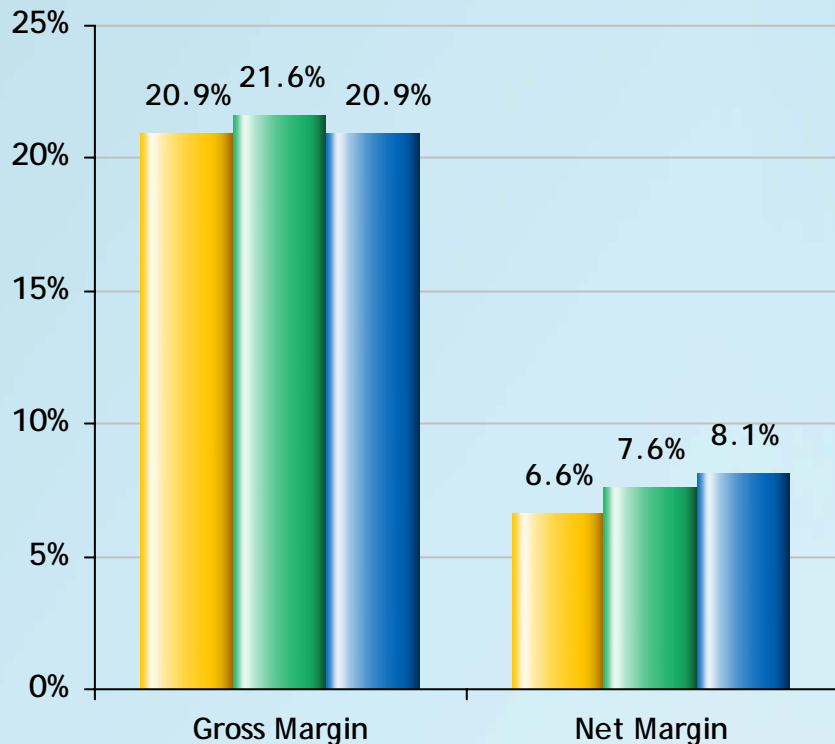


For the years ended 31 December as % of Revenue

Margins Overview



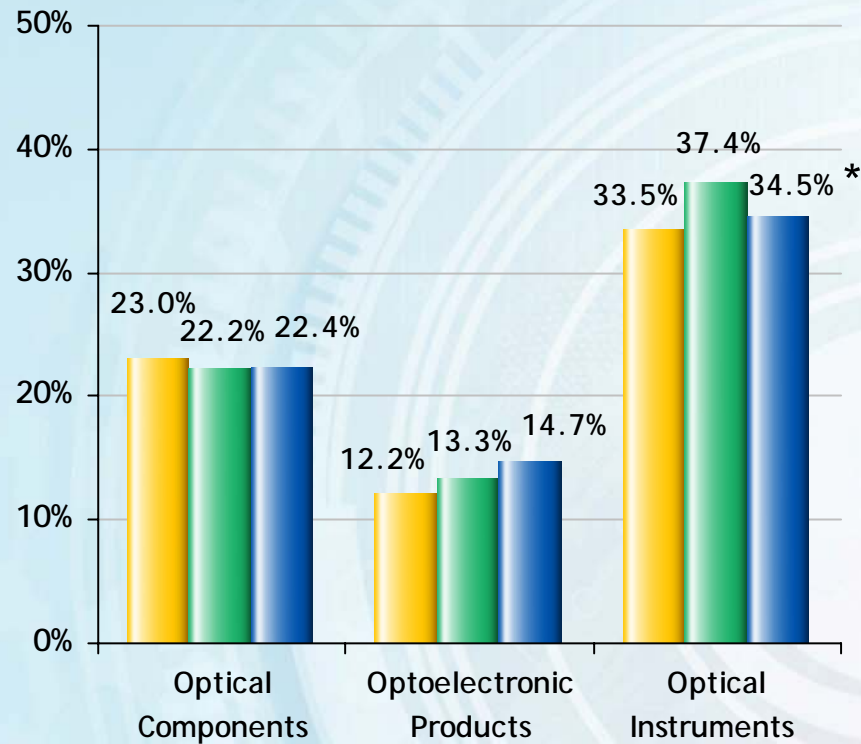
Gross Profit Margins and Net Profit Margins



For the years ended 31 December

■ 2009 ■ 2010 ■ 2011

Gross Profit Margins by Business Segments



For the years ended 31 December

■ 2009 ■ 2010 ■ 2011

*Gross profit margin is comparatively high due to the one-off purchase order from Japanese government in 2010, and it is normal in 2011.

Operating Expenses Analysis



<i>(RMB mn)</i>	2009		2010		2011	
	<i>For the years ended 31 December</i>					
		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>
Revenue	1,309.6	100.0%	1,818.1	100.0%	2,498.5	100.0%
Total Operating Expenses	196.4	15.0%	250.2	13.8%	312.8	12.5%
Selling and Distribution Expenses	31.9	2.4%	43.9	2.4%	58.8	2.4%
R&D Expenses	75.9	5.8%	99.6	5.5%	131.1	5.2%
Administrative Expenses	88.6	6.8%	106.7	5.9%	122.9	4.9%

Solid Financial Position



	2009	2010	2011
	<i>For the years ended 31 December</i>		
Current Ratio (times)	3.8	3.1	2.7
Operating Cashflow (RMB mn)	130.6	185.1	72.4
Cash and Cash Equivalents (RMB mn)	759.5	849.5	680.8
Pledged Bank Deposits (RMB mn)	19.2	76.2	50.0
Financial Assets Designated as at Fair Value through Profit and Loss (RMB mn)	-	-	84.1
Bank Guaranteed Entrusted Loan Receivables (RMB mn)	-	585.0	295.0
Bank Balances and Cash (RMB mn)	740.3	188.3	251.7
Gearing Ratio (%)	3.1	5.5	3.4
ROE (%)	6.0	9.0	12.0
Capital Expenditure (RMB mn)	75.7	66.7	203.2



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Review of Operations



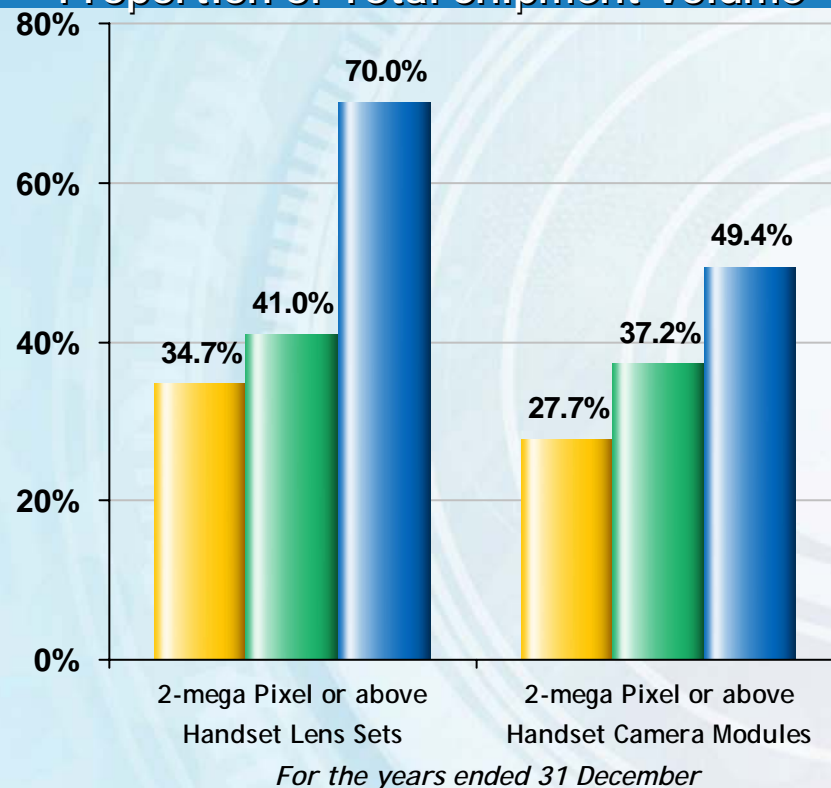


Grasped the opportunities due to the rapid growth of the smartphone market

Business Performance Improved in 2011

- ❑ Became a very important supplier in the China's smartphone production chain
- ❑ Started mass supply of handset lens sets used by Nokia
- ❑ Entered into a long term cooperative agreement with Samsung Electronics Corporation
- ❑ Improved product mix
- ❑ Started the construction of the new production base in Xinyang of Henan Province, for producing glass spherical lenses and plane products

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



■ 2009 ■ 2010 ■ 2011

Fruitful Achievements in R&D - Hi-tech Barrier

Possessed 123 Patents



Unceasing Upgrade of Existing Products Needs Core Technology Competence

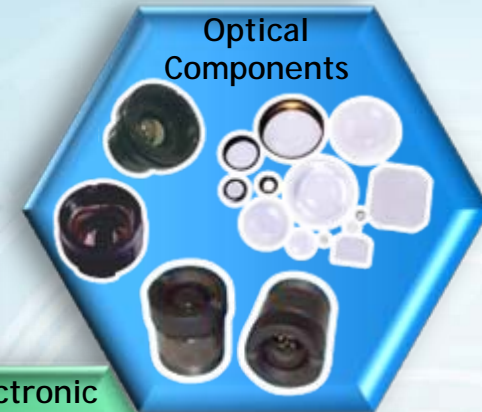
- Mass production for 5-mega and 8-mega pixel handset lens sets and camera modules with auto-focus function has been successfully launched
- Development of 12-mega pixel handset camera modules has accomplished
- “Optical touch screen camera module” has obtained utility model patents
- “General solutions for low image resolution after handset module reliability test” was accredited with invention patent
- Capability to produce reflow handset camera modules
- Advantageous competence in DSLR lens production

Development of Products for Emerging Optical Applications Requires Innovation in R&D and Accumulation in Technology

- Began mass production of various new vehicle lens sets and obtained invention patent of “ultra wide-angle mega pixel vehicle lens sets”
- Completed R&D of various infrared lens sets for vehicles and security surveillance
- Accomplished the development for series of micro-projectors and engines
- Accomplished R&D upgrade for a number of teaching interactively microscopic systems, analytical instruments oriented for spectrophotometers, gas chromatographs and mass spectrometers and high-end measuring machines

Production Technology Needs to be Upgraded Continuously

- Self-developed automatic painting machines started to be applied in mass production
- Mass production for glass aspheric lenses with several cavities per mold has commenced
- Application of plastic injection molding technology with narrow runway already in full swing
- Application of automatic production and inspection technology for lens sets already in full swing
- “Particle-resistant gluing technique for camera modules for handset with high resolution technology” obtained invention patent and ensured quality control
- DIC “Differential Interference Contrast” technology achieved and strengthened the leading position of domestic microscope industry



Strong Client Base



Top Five Customers

Huawei

Samsung

Gionee

Panasonic

Nikon

Renowned Customers

DSC Lenses Business

Handset Lens Sets Business

*Handsets
Camera
Modules
Business*

*Optical
Instruments
Business*

Other Businesses

Samsung	Sharp (Nokia)	Sharp	Keyence	Panasonic	Autoliv
Panasonic	Foxconn	Huawei	Carl Zeiss	Sanyo	Steel-mate
Nikon	Truly	ZTE	Optika	Liteon	TTE
Sony		Coolpad	Amscope	Primax	Ricoh
Olympus		Lenovo	Olympus	Magna	Sindoh
Konica-Minolta		oppo		Continental	Silitech
Pentax		Tianyu		Delphi	Microtek
Topcon		Sangfei			
Fujinon		Foxconn			
NEC		Gionee			
LG		TCL			
		Pantech			

Utilization Rates



Utilization Rates

For the years ended 31 December

	2009	2010	2011
Lenses	85.0%	88.4%	81.4%
Lens Sets	64.9%	75.1%	74.1%
Optoelectronic Products	43.1%	70.2%	89.3%
Optical Instruments	61.8%	86.2%	84.4%

Awards and Recognitions



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

Zhejiang Delicacy Management
Model Enterprise 2011

Named "Ningbo Top 100 Enterprises"
in consecutive seven years and ranked
78th of "Top 100 Integrated Enterprises"
& 37th of "Top 100
Manufacturing Enterprises" respectively

Ningbo Pioneering and Innovative
Complex Model Enterprises

Quality Products Prize at the 2011
"Mayor's Cup" creative machine
industrial design competition

Awarded "Innovation Gold Prize" and
"Gold Prize of BCEIA" for
SHP8400MS mass spectrometer

Huawei Core Suppliers Award

Lenovo Win-win Corporation
Supplier Award in 2011

Xiamen Panasonic 2010 Outstanding
Cooperative Manufacturer Award

Yulong Coolpad Excellent
Supplier Award





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Outlook and Development Strategies



Dedicated to and Focused on the Existing Industries



- ❑ Increase percentage of sales and market shares of high-end handset lens sets and handset camera modules
- ❑ Implement industrial transfer strategy
- ❑ Implement "Lean Production" further
- ❑ Further increase management level of production processing

Global Shipments and Growth Rates of DSLR (2010 - 2012 Forecast)



Global Shipment of Handsets and Smartphones (2008 - 2017 Forecast)



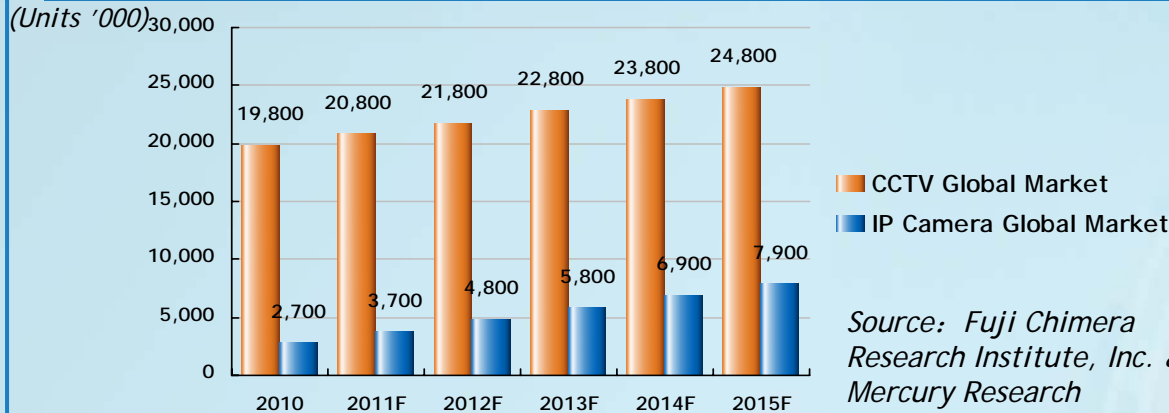
Source: MIC

Source: Yano Research Institute Forecast

Achieve the Breakthrough of New Businesses

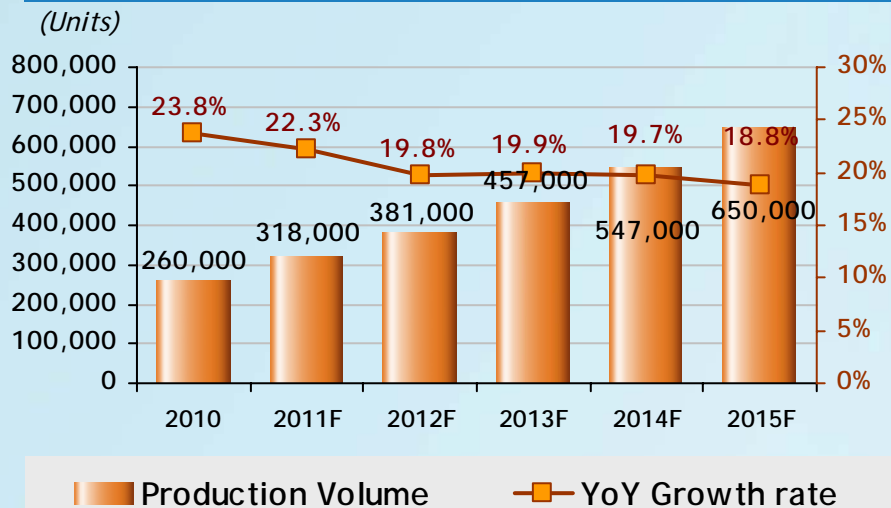


Market Forecast of Global Video Security System



- Expand sales channels of new products and new businesses
- Optimize market operating mode
- Increase sales from high-end optical instruments, security surveillance products and infrared products
- Continue to explore new optical applications, foster new businesses

Market Forecast of Global Infrared Thermal Imaging Instruments



Global Market Forecast of Vehicle Camera Lens Module



Carry out all-round Management Innovation and Enterprise Cultural Management



Strengthen Management Function of the Group



- Strengthen brand establishment
- Thorough implementation of the SAP system
- Promote revolution of automation

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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