

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 2008 interim results
Net profit reached RMB39,094,000

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Strengthen R&D and explore product applications in new segments
to expand international client base

Financial Highlights (For the six months ended 30 June)			
	2008	2007	Change
	(RMB'000)	(RMB'000)	
Revenue	590,348	555,950	+ 6.2%
Gross Profit	124,803	149,946	- 16.8%
Net profit attributable to equity holders of the company	39,090	102,097	- 61.7%
Basic earnings per share (RMB cents)	3.91	12.3	- 68.2%

【27 Aug 2008, Hong Kong】The leading integrated optical and optoelectronic product manufacturer in the PRC – Sunny Optical Technology (Group) Company Limited (“Sunny Optical” or the “Company”, stock code: 2382, together with its subsidiaries, the “Group”), announces today its interim results for the six months ended 30 June 2008.

Sunny Optical's revenue for the period under review rose by 6.2% year-on-year to RMB590,348,000, driven by strong optical components and optical instruments sales growth which rose by 41.3% and 14.4% respectively. Nevertheless, the strong growth was partly offset by the decline in optoelectronic product sales which decreased by 17.1% year-on-year because of the slow-down of domestic mobile phone manufacturers' delivery and pricing-down of VGA camera modules, thereby affecting the Group's gross profit margin. Profit attributable to equity holders declined by 61.7% to RMB39,090,000, while basic earnings per share amounted to RMB3.91 cents. The Board of Directors of the Company resolved not to distribute interim dividends.

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Commenting on the Company's business performance in the year under review, Mr. Wang Wenjian, Chairman of Sunny Optical, said, "The first half of 2008 is a tough period for the Company. We met challenges from appreciation of RMB, increase in labour cost, and R&D expenses, rise in effective tax rate and decrease in average selling price of VGA lens set and camera module, which are part of the main product categories. Facing the changing of market, the Company responded flexibly during the period by making strategic investments in research and development to explore new applications for different industries and effectively increased the sales proportion of non-mobile phone related business."

Sunny Optical's R&D efforts reaped fruitful results during the review period. For the optical components business, the Company has developed professional products which have attained international standards and obtained patents. For the optoelectronic product business, the Company has successfully developed industrial endoscope and video door phone system. The Company has also established a joint venture with China Training Center Reproductive Health and Family Care affiliated to the State Family Planning Commission to produce medical endoscope, introducing the Company's optoelectronic products for applications in the medical industry. It is expected that the Company's optoelectronic products will be more diversified and could be applied in an increasing number of sectors. At the same time, Sunny Optical has set up a new company in Singapore which mainly focuses on the R&D of high-end optical instruments such as 3D optical vision measuring machines and microscopic interferometers, so as to further improve R&D ability and efficiency.

Regarding the Company's future development, Mr. Wang said, "Facing the challenges in the second half of this year, the Company will further strengthen its competitive advantages. We will continue to abide by the Company's "Mingpeijiao" (「名配角」) development strategy to get orders from globally leading mobile phone manufacturers and expand the existing international client base. The Company will strengthen the marketing of high resolution camera lens sets and camera modules for mobile phones, so as to increase their contribution as a percentage of revenue to improve the Company's overall gross profit margin. We will also expand the non-mobile-phone-related business as a percentage of revenue, such as optoelectronic products used for industrial inspection and CCTV modules. Besides, the Company will maintain its profitability through improving operating efficiency, optimizing supply chain management and controlling operating cost strictly so as to offset the pressure of cost increase."

"The Company will seize opportunities brought forth by the rapid growth of the optoelectronic industry to become the leading integrated optical and optoelectronic products manufacturer in the world and the major optical and optical related products supplier to world renowned brands to generate fruitful return to our shareholders," Mr. Wang concluded.

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About Sunny Optical Technology (Group) Company Limited

Sunny Optical Technology (Group) Company Limited is a leading integrated optical components and optoelectronic products manufacturer in the PRC with production bases in Zhejiang and Zhongshan, the PRC, occupying a total site area of 105,261 sq.m. Capitalizing on its vertically integrated design and production business model, Sunny Optical integrates optical, mechanical and electronic technologies, offering a wide range of optical products such as lenses and lens sets, optoelectronic products including mobile phone camera modules, as well as specific optical instruments such as microscope and UV-spectrophotometer. With the increase in demand for optical products as well as consumer electronic products, the Company has become the main supplier to some leading global brand names.

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