

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 2009 Interim Results

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Optimized Product Portfolio to Seize the Opportunities of High-end Products

Financial Highlights (For the six months ended 30 June)			
	2009 (RMB '000)	2008 (RMB '000)	Change
Revenue	547,300	590,300	- 7.3%
— Optical components	249,500	268,000	- 6.9%
— Opto-electronic products	250,200	254,800	-1.8%
— Optical instruments	47,600	67,500	- 29.5%
Gross profit	108,100	124,800	-13.4%
Net profit attributable to equity holders of the Company	23,400	39,100	- 40.1%
Basic earnings per share (RMB cents)	2.34	3.91	- 40.1%
Interim dividend per share (RMB cents)	nil	nil	n.a.

【20 Aug 2009, 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”), announced today its interim results for the six months ended 30 June 2009.

Sunny Optical's revenue for the period under review declined by approximately 7.3% year-on-year to approximately RMB547,300,000. The decrease was mainly due to slowing economy worldwide that led to reduced market demand and declining prices of consumer electronic products. In addition, the Group adjusted its product pricing strategically to strengthen the relationship with important customers, thus exerting pressure on the average selling prices of the Group's products. The Group's gross profit margin was approximately 19.7%, as compared with approximately 21.1% in the corresponding period of last year. This is due to low capacity utilization and the decrease in the average selling prices of products. However, the optical components business benefited from the improvement in product mix and the implement of lean production, resulting in a marked increase of approximately 4.6 percentage points in its gross profit margin to approximately 24.2%.

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During the period under review, the Group recorded an amortization of approximately RMB1,500,000 for intangible assets arising from the acquisition of Power Optical Co., Ltd., a Korean subsidiary. A deemed loss of approximately RMB3,600,000 as a result of additional shares issued to minority shareholders of Sunny Instruments Singapore PTE. Ltd. In addition, the increase in the effective tax rate of Sunny Optical (Zhongshan) Co. Ltd. also affected the Group's earnings. For the period under review, profit attributable to the equity holders of the Company amounted to approximately RMB23,400,000. Basic earnings per share was approximately RMB2.34 cents. The Board does not propose the payment of interim dividend for the six months ended 30 June 2009.

Commenting on the Company's business performance in the period under review, Mr. Wang Wenjian, Chairman of Sunny Optical, said, "In the first half of 2009, the global economy remained weak. According to statistics from the Internet Data Center, the number of worldwide handset shipments and demand in digital camera market dropped considerably. Hence, upstream industries such as optical components and optoelectronic products industries were confronted with a difficult operating environment. During the period under review, the Group worked hand-in-hand with its clients to assist its clients in maintaining their competitive positions. Despite the slight decline in sales during the period, the Group has taken up a favorable position in the industry and laid a solid foundation for future development."

During the period under review, the Group optimized its revenue structure. Non-handset related products accounted for approximately 53% of the Group's revenue, representing an increase of approximately 9% compared to the corresponding period of last year. The revenue of optical components dropped 6.9% and contributed sales of approximately RMB249,000,000 compared to the corresponding period of last year. The Group adjusted the product mix of this business division to meet market demand. Major customers, such as Panasonic, Nikon and Samsung, have increased their purchase orders. Furthermore, lean production was further implemented in this business division. The results were remarkable and made important contribution to maintain the Group's profit margin. For optoelectronic products business, owing to the decrease in demand from the market and declined average selling prices of handsets, sales revenue from optoelectronic products in the period under review decreased by approximately 1.8% and contributed sales of approximately RMB250,000,000 compared to the corresponding period of last year. Yet, the proportion of sales of high resolution products to this business' total revenue increased. This business division is focusing on business developing with international renowned brands, and has succeeded to be one of the suppliers of Sharp. In addition, as affected by the decrease in demand from overseas markets, the revenue of optical instruments business declined approximately by 29.5% to approximately RMB47,600,000.

During the period, the Group's newly established or acquired subsidiaries operated well. Its Korean subsidiary Company Power Optics Co., Ltd. began generating profits, while its newly developed light-emitting-diode ("LED") light module commenced batch delivery to Samsung. Two types of micro-projectors are awarded "National-Supported Development Cases", the R&D of which is in full swing. Jiangsu Sunny Medical Instruments Co., Ltd. completed the development of medical endoscopes and entered into the process of medical license application and clinical validation. Sunny Instruments Singapore PTE. Ltd. completed the research and development of 3D optical vision measuring instruments, microscopic interferometers and started to sell.

In order to maintain competitiveness, the Group increased its investments in R&D and made satisfactory progress. Two new products under the aspheric glass lenses projects entered into small batch production, while Chip-on-board (“COB”) processing had started mass production in a mature stage. A number of security surveillance cameras have been developed. The Group established a Security Surveillance Business Unit to speed up the marketing of security surveillance products; time-of-flight mass spectrometer and quadrupole mass spectrometer also completed their research process. The Group’s three business units, namely optical components, optoelectronic products and optical instruments, also made upgrade research and development for their respective current products. These research and development activities reinforced the Group’s technical leading position in the original products in the industry.

With respect to the future development of the Group, Mr. Wang said, “In 2009, Sunny Optical will consolidate its business for the long run. By leveraging on its advanced R&D capabilities, extensive client base and diversified product portfolio, the Group will continue to pursue its ‘Mingpeijiao’ strategy and to achieve excellence in a pragmatic manner. Building on the leading position in the industry and the reputation of offering premium quality products, we will commit ourselves to reinforce the existing client base and market segment. At the same time, we will explore potential markets all over the world through sales channels in these countries. In addition, with the increasing awareness of security, food safety, environment protection, education, we will seize the opportunity and continue to diversify our product portfolio and further improve product structure, so as to reduce the reliance on the handset business while meeting market demand, by aggressively developing the non-handset related products such as industrial and medical endoscopes, security surveillance products and mid-high end microscopic instruments, surveying instruments and analytical instruments and etc. Moreover, in line with the market potential brought by the development of China’s 3G market and the increasing demand due to the widespread use of netbook computers, we will develop more high-end products to improve the overall operating revenue of the Group. Last but not least, we will implement ‘lean production’ throughout the Group and strive to raise our capacity utilization, to maximize the Group’s operational efficiency and to further strengthen the competitiveness of the Group.”

“Sunny Optical will seize the opportunities brought forth by the 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.

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 Yuyao of Zhejiang province and Zhongshan of Guangdong Province, Shanghai and Tianjin respectively. 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, industrial endoscopes and security surveillance system, as well as optical instruments such as microscope and UV-spectrophotometer. With the increase in demand for optical products as well as consumer electronic products, the Group has become the main supplier to some leading global brand names.

Issued by Porda International (Finance) PR Company Limited for and on behalf of **Sunny Optical Technology (Group) Company Limited**. For further information, please contact:

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