

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 2016 Annual Results

Core Businesses Achieved Positive Development

Revenue up 36.6%; Gross Profit up 52.0%

Financial Highlights (For the year ended 31 December)			
	2016 (RMB '000)	2015 (RMB '000)	Change
Revenue	14,611,800	10,696,200	+36.6%
– Optical Components	2,955,600	2,268,500	+30.3%
– Optoelectronic Products	11,403,200	8,216,700	+38.8%
– Optical Instruments	253,000	211,000	+19.9%
Gross Profit	2,680,100	1,763,400	+52.0%
Profit for the Year Attributable to Owners of the Company	1,270,800	761,600	+66.8%
Basic Earnings per Share (RMB cents)	117.60	70.90	+65.9%
Proposed Final Dividends per Share (RMB cents)	29.00	20.80	+39.4%

【13 March 2017, Hong Kong】 The leading integrated optical components and products producer in the PRC, **Sunny Optical Technology (Group) Company Limited** (“Sunny Optical” or the “Company”, stock code: 2382.HK, together with its subsidiaries, the “Group”), today announced its annual results for the year ended 31 December 2016 (“year under review”).

The Group has achieved satisfactory growth in its results for the year in 2016, with its revenue rose by approximately 36.6% compared to the corresponding period of last year, to approximately RMB 14,611.8 million. The Group’s gross profit increased by approximately 52.0% compared to the corresponding period of last year to approximately RMB 2,680.1 million. Thanks to the effective control of operating expenses, profit for the year attributable to owners of the Company increased by approximately 66.8% to approximately RMB 1,270.8 million. Basic earnings per share increased by approximately 65.9% to approximately RMB 117.60 cents.

The Board of Directors of the Group proposed payment of a final dividend of approximately RMB 29.00 cents per share (equivalent to HK\$ 32.30 cents) for the year ended 31 December 2016.

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Commenting on the Group's performance during the year under review, Mr. Ye Liaoning, Chairman of the Board of Directors of Sunny Optical, said, "Looking back to 2016, the global economy struggled to recover. With the anti-globalization being much stronger, the world economy was exposed to various risks and challenges. As the world's major economy, economic growth of China has back to the world's number one. However, China still faced with greater economic downward pressure. In the environment of weak global macro-economy, the consumer electronics market continued to grow slowly. Even though the smartphone market in the PRC remained as the world's largest mobile phone market, the room for overall development has become saturated, and it has entered into an age of stock. However, mobile phone manufacturers competed in performance, aesthetics and differentiated features, which has been further proved by the emerging application innovation of handset cameras. Among others, the configuration of dual-camera was particularly impressive, which became a force that cannot be neglected in the next wave of upgrade of smartphones specifications. On the other hand, with the popularity and implementation of the relevant rules and regulations in Europe, America, Japan and other countries and regions, as well as the significant development of advanced driver assistance systems ("ADAS"), semi-automatic and full-automatic pilot technologies, the vehicle imaging field has been growing rapidly. Being a leading handset lens sets and handset camera modules provider as well as the largest vehicle lens sets supplier in the world, the Group has benefited from the growth."

Benefiting from the continuous growth in the mid- to high-end smartphone market and the vehicle imaging field, as well as the Group's Optical Components business segment seizing the high-end market by making breakthroughs in key technologies, and coupled with the improved internal management, which contributed to the substantial growth in sales and the further optimization of product mix and customer structure. During the year under review, the Optical Components business segment recorded revenue of approximately RMB 2,955.6 million, representing an increase of approximately 30.3% as compared with the corresponding period of last year. This business segment accounted for approximately 20.2% of the Group's total revenue as compared with approximately 21.2% in the corresponding period of last year.

During the year under review, handset lens sets of the Group recorded a year-on-year growth of approximately 25.8% in the shipment volume. The proportion of shipment volume of 10-mega pixel above products increased from approximately 9.1% for the last year to approximately 28.9%. In addition, the Group also focused on research and development ("R&D") investment for products. During the year under review, the Group has commenced the mass production of handset lens sets with 10-mega pixel dual-camera, 13-mega pixel wide angle, 16-mega pixel large aperture/ optical image stabilization ("OIS"), 10-mega pixel above with 6 pieces of plastic aspheric lenses ("6P") as well as lenses and lens sets for virtual reality ("VR") and augmented reality ("AR") devices. The Group's customer base of handset lens sets was further optimised. In addition to continued mass

production of 5-mega pixel handset lens sets with wide angle and the high-end handset lens sets with 10-mega pixel above for Korean customers as well as handset lens sets with 10-mega pixel above for Japanese customers, more and more high-end handsets lens sets with high-resolution were provided to more domestic smartphone brands.

During the year under review, vehicle lens sets of the Group recorded a growth of approximately 37.0% in terms of the shipment volume, representing a growth rate higher than that in the industry, which was the same case as last year. The Group also maintained No.1 position globally and its market share has been expanded further.

Benefiting from the growth of mid- to high-end smartphone market in the PRC, the rise of domestic brands and the development of other mobile terminal products, the Optoelectronic Products business segment achieved good performance growth. During the year under review, the revenue from the Optoelectronic Products business segment amounted to approximately RMB 11,403.2 million, representing an increase of approximately 38.8% compared with the corresponding period of last year. This business segment accounted for approximately 78.0% of the Group's total revenue as compared with approximately 76.8% in the corresponding period of last year.

During the year under review, the handset camera modules of the Group recorded a year-on-year growth of approximately 18.3% in the shipment volume. The proportion of shipment volume of 10-mega pixel above products increased to approximately 60.7% from approximately 31.3% for the last year. The Group has commenced the mass production of ultrathin front dual-camera module without stents and provided 10-mega pixel above dual-camera modules for several domestic smartphone brand owners as the major supplier. In addition, based on depth perception filed, the Group has commenced the mass production of time of flight ("TOF") modules, structured light modules and binocular stereo cameras which have been applied to the fields such as smartphones with AR function, drones and three dimension ("3D"). Meanwhile, the Group made innovations in chip on board ("COB") packaging technology in terms of production process, researched and developed new packaging techniques with proprietary intellectual property rights, and has commenced mass production of such products. The Group also continued to optimize and upgrade self-made active alignment ("AA") facilities and promoted the use of them in production lines.

During the year under review, benefiting from the recovery of industrial market and the development of the Company in the field of high-end microscopes, the revenue from the Optical Instruments business segment amounted to approximately RMB 253.0 million, representing an increase of approximately 19.9% compared with the corresponding period of last year. This business segment accounted for approximately 1.8% of the Group's total revenue, as compared with approximately 2.0% in the corresponding period of last year.

During the year under review, the Group continued to deepen reform of the Optical Instruments business segment, further optimized the configuration and consolidated related technologies and resources. The Group focused on expanding the mid- to high-end microscope applications market, recorded sales growth in the target markets such as health care, colleges and universities and test for precision industry after setting up Microscopic Instruments business segment and Intelligent Assembly business segment within Ningbo Sunny Instruments Co., Ltd.; established business direction for Intelligent Assembly business segment which provides automatic assembly of microscopic instruments and detection for semi-conductor electronic factories and medical automation detection, and made preliminary achievements in automatic screening of tuberculosis. The Group also developed an integrated solution for smart factories that could provide customized services based on customers' needs based on Manufacturing Execution System (“MES”) and big data analysis platform. The integrated solution has been applied in the aviation and military industry and private manufacture industry. The project of “Digital Workshop for the Smart Manufacturing of Optoelectronic Camera Modules” mainly applied for and reported by the Group has been successfully selected into “2016 Comprehensive Standardization and New Mode Application in Smart Manufacturing Project” of the Ministry of Industry and Information Technology (“MIIT”). Therefore, the Group will continue to enhance the research and development and market investments of high-end optical instruments and constantly improve product systems to lay a solid foundation for the mid- to long-term sustainable development of the Group.

Looking ahead, Mr. Ye Liaoning said, “In 2017, uncertain matters, unforeseeable risks and various challenges of the global and Chinese macro economy will be more complicated and severer. Competition in various industries will be increasingly intensified. Despite all kinds of uncertainties, the Group believes that, in 2017, the demand for high-end cameras of smartphones will still be strong; various innovative applications based on optics and optoelectronics will spring up; and the relevant technology will get more mature, based on which the emerging industry in which the Group is involved will embrace a favourable opportunity for rapid development. Vehicle imaging field is at a stage of rapid growth. Accordingly, the Group will focus on improving technological breakthrough in key areas, actively expand potential customers and markets and further build a sound manufacturing system, as well as improve its production efficiency in combination with information management and by taking advantage of the analysis of big data. In addition, the Group will optimize the supply chain management and promote the quality system building to improve the market competitiveness of its three major business segments, so that it can consolidate its market position. The Group believes that opportunities are more than challenges in the future. All staff will continue to carry forward pioneering spirit of hard struggle, contemporary innovative spirit and team spirit of working together with a vision to become a “Hundred-Year-Old Brand”.”

~ End ~

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About Sunny Optical:

Sunny Optical Technology (Group) Company Limited (the “**Company**” or “**Sunny Optical**”, together with its subsidiaries, the “**Group**”) (Stock Code: 2382.HK) is a leading integrated optical components and products manufacturer with more than thirty years of history in the People’s Republic of China (the “**PRC**” or “**China**”). The Group is principally engaged in the design, research and development (“**R&D**”), manufacture and sales of optical and optical-related products. Such products include optical components (such as glass spherical and aspherical lenses, plane products, handset lens sets, vehicle lens sets and other various lens sets) (“**Optical Components**”), optoelectronic products (such as handset camera modules, three-dimensional (“**3D**”) optoelectronic products, security cameras and other optoelectronic modules) (“**Optoelectronic Products**”) and optical instruments (such as microscopes, optical measuring instruments and various high-end optical analytical instruments) (“**Optical Instruments**”). The Group focuses on the application fields of optoelectronic-related products, such as handsets, digital cameras, vehicle imaging systems, security surveillance systems, optical measuring instruments and high-end optical analytical instruments, which are combined with optical, electronic, software and mechanical technologies.

Issued by Porda Havas International Finance Communications Group for and on behalf of **Sunny Optical Technology (Group) Company Limited**.

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