



Sunny Optical Technology (Group) Company Limited

舜宇光學科技(集團)有限公司

股份代号: 2382

**A Leading Integrated Optical
and Optoelectronic
Component Producer**

June 2011



Disclaimer



- ❑ The information contained in this presentation is intended solely for your personal reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning Sunny Optical Technology (Group) Company Limited (the “Company”). The Company makes no representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.
- ❑ In addition, the information contains projections and forward-looking statements that may reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.
- ❑ This presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or to provide any investment service or investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.

Agenda



- 1** *Investment Highlights*
- 2** *Company Overview*
- 3** *Financial Highlights*
- 4** *Outlook and Development Strategies*
- 5** *Q&A*



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

Investment Highlights



Investment Highlights



- Becomes a Constituent Stock of MSCI Global Small Cap Indices

- All business segments sustain growth:

- beneficiary of rising demands of smartphones and 3G handsets
- greater market share in digital camera divisions
- Products for new optical application develop favourably

- Improving product mix and client base amid higher operating efficiency and wider application will continue to drive above-industry-average growth

- Solid financial position with cash of RMB700mn

Peer Comparison

-Focus on optical application, diversification of products



Companies	Location	Key Technologies or Products					
		Glass lenses	Glass Aspherical lenses	AF handset lens sets	Zoom Handset lens sets	AF Handset Camera modules	Zoom Handset Camera modules
Sunny Optical	PRC	✓	✓	✓	✓	✓	✓
Phenix Optics	PRC	✓					
Largan Precision	Taiwan			✓			
Kinko	Taiwan	✓	✓				
Altus	Taiwan					✓	✓
Liteon	Taiwan					✓	✓



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

Company Overview



Leading Integrated Optical and Optoelectronic Component Producer in China



- Over 26 years of professional experience
- Strong capabilities of R&D, technology and manufacturing.



Business Segments

Optical Components



(Glass spherical/aspherical lenses, handset lens set, vehicle lens set, other lens set)

Optoelectronic Products



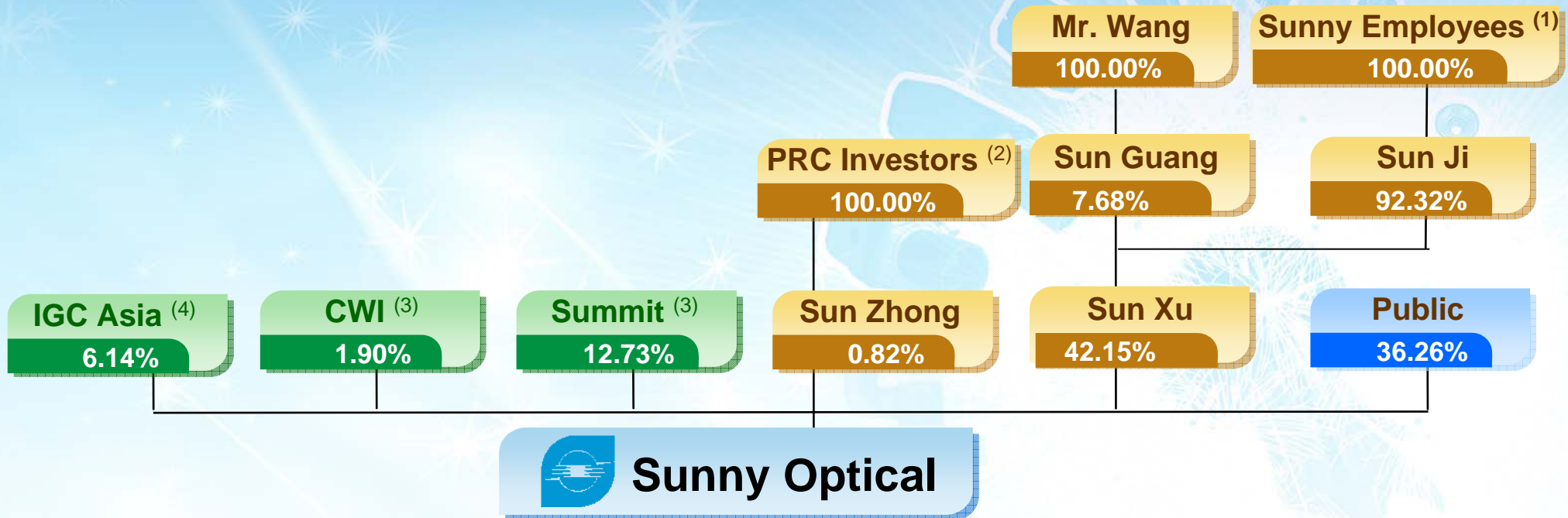
(Handset/Notebook camera modules, security surveillance cameras, and other related products)

Optical Instruments



(Microscopic, measuring and analytical instruments)

Shareholding Structure



- 1) Mr. Wang, the Chairman and an executive Director, holds the entire issued share capital of Sun Ji in favor of all the Sunny Employees under the Sunny Employee Trust
- 2) Mr. Wang, the Chairman and an executive Director, holds the entire issued share capital of Sun Zhong in favor of the PRC Investors under the PRC Investor Trust
- 3) Ultimate beneficially owned by Chengwei Ventures Evergreen Mgt. LLC
- 4) Ultimate beneficially owned by Investor AB

* As at 31 May 2011

Fruitful Achievements in R&D – Hi-tech Barrier

Possessed 126 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 of 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



Opto-electronic Products



Optical Instruments



Strong Client Base



Top Five Customers

Samsung

Panasonic

Huawei

ZTE

Nikon

Renowned Customers

DSC Lenses Business

Samsung
Panasonic
Nikon
Sony
Olympus
Konica-Minolta
Pentax
Topcon
Fujinon
NEC
LG

Handset Lens Sets Business

Sharp (Nokia)
Samsung
Foxconn
Truly
Global Optics

Handset Camera Modules Business

Sharp
Huawei
ZTE
Coolpad
Lenovo
Oppo
Tianyu
Sangfei
Foxconn
Gionee

Optical Instruments Business

Keyence
Carl Zeiss
Optika
Amscope

Other Businesses

Panasonic
Sanyo
Liteon
Primax
Magna
Continental
Delphi
Autoliv
Steel-mate
TTE
Ricoh
Sindoh
Silitech
Microtek

Capacity Utilization Rates



	2008	2009	2010	2011 1Q
Lenses ((mn units)	70.4%	85.0%	88.4%	86.5%
Lens sets (mn units)	47.8%	64.9%	75.1%	74.6%
Optoelectronic products ((mn units)	45.7%	43.1%	70.2%	99.0%
Optical instruments ('000 sets)	62.7%	61.8%	86.2%	73.4%

2011 CAPEX Plan:

- RMB 150 million for expansion of existing production capacities and set up capacity for new products
- RMB 100 million for establishing a new production base in Henan



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

Financial Highlights



Result Highlights



Experienced the financial crisis in 2008, the Group has begun to restore the sound growth momentum.

	2009	2010	Change
<i>(RMB mn)</i>			
			<i>For the years ended 31 December</i>
Revenue	1,309.6	1,818.1	+38.8%
Gross profit	274.0	392.0	+43.1%
Impairment loss on goodwill	--	8.1	N/A
Profit before tax	99.7	164.9	+65.4%
Income tax expense	(12.8)	(26.7)	+108.9%
Profit attributable to owners	91.9	143.8	+56.4%
Basic earnings per share <i>(RMB cents)</i>	9.19	14.7	+60.0%
Proposed final dividend <i>(RMB cents)</i>	2.0	4.35	+117.5%

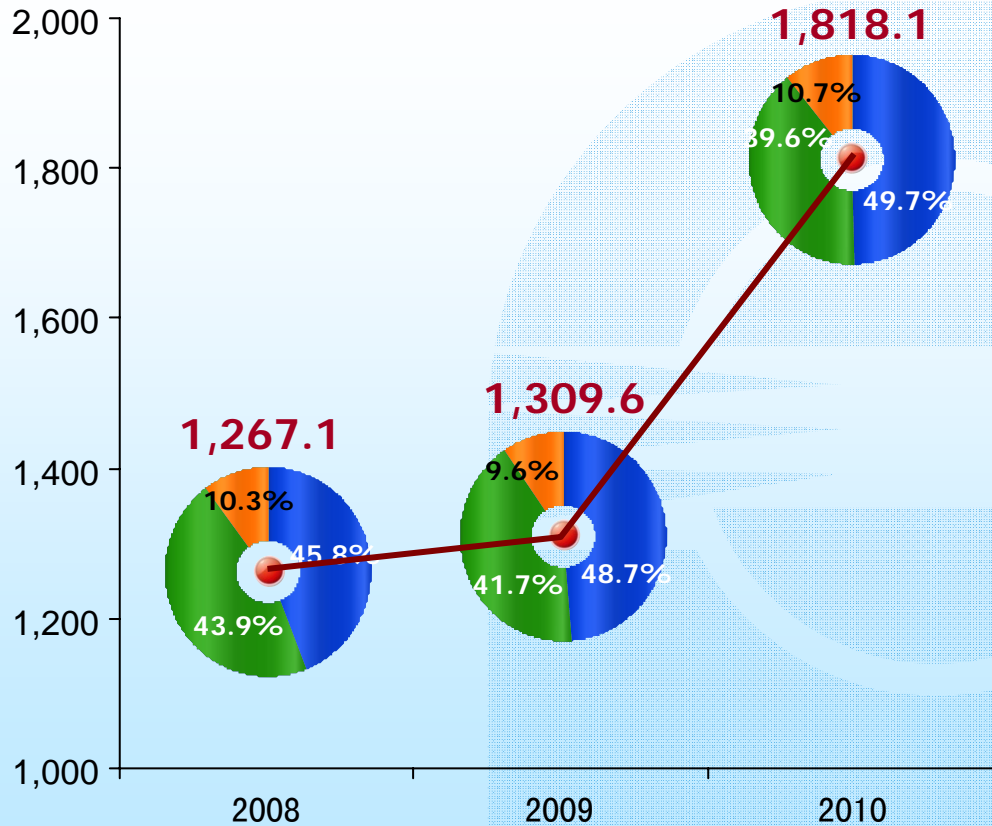
Revenue Breakdown



Recorded Satisfactory Growth in Sales of All Business Segments

Business Segment Sales as a Percentage of Total Revenue

(RMB mn)



■ Optical Components ■ Optoelectronic Products
■ Optical Instruments — Revenue

2008

2009

2010

(RMB mn)

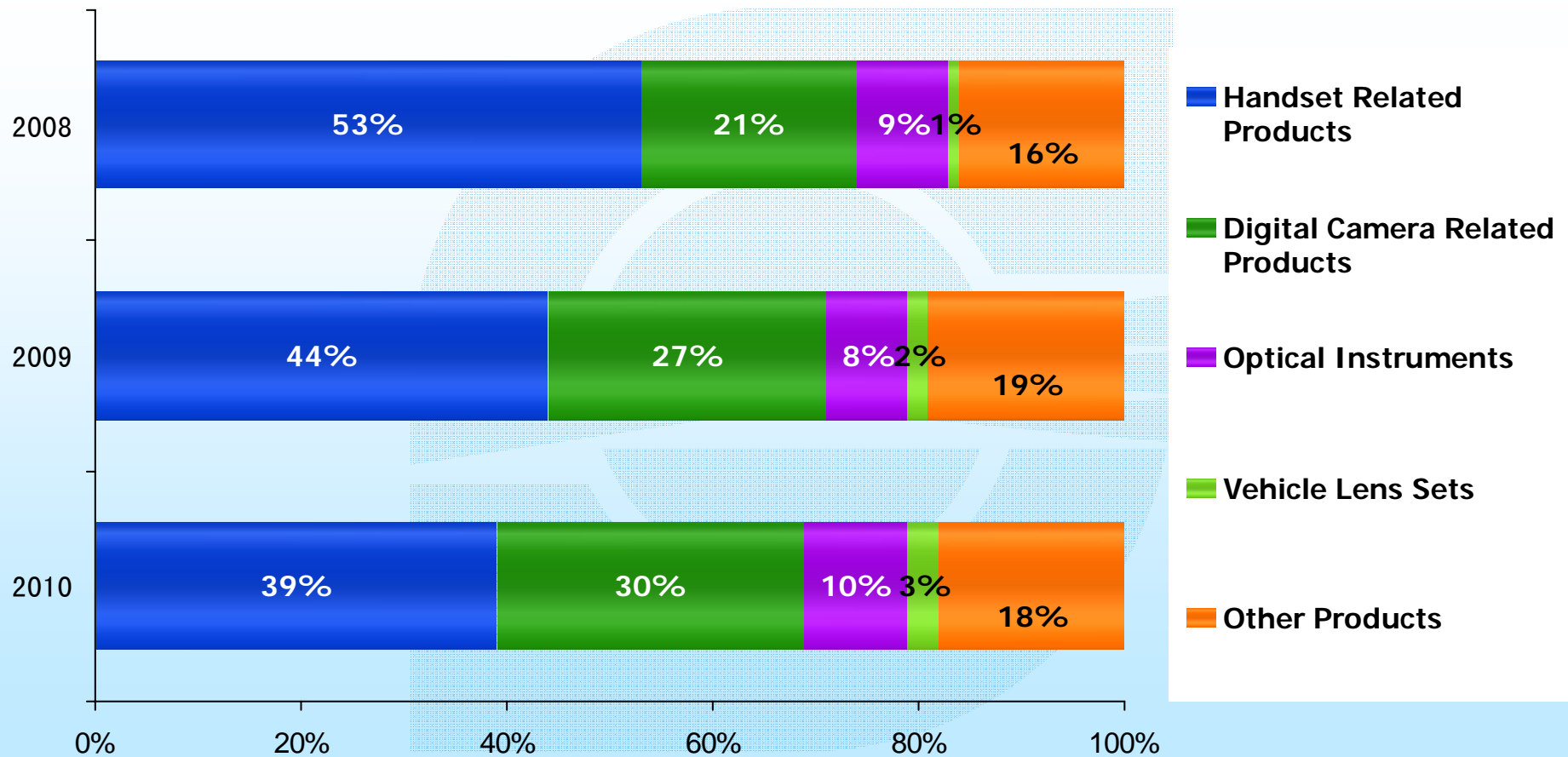
For the years ended 31 December

Optical Components	580.0	637.3	903.3
Opto-electronic Products	557.1	545.7	720.1
Optical Instruments	130.0	126.6	194.7
Total Revenue	1,267.1	1,309.6	1,818.1

Extensive Product Applications



Sales Breakdown by Products



Percentage of Sales of the Group's Revenue for the years ended 31 December

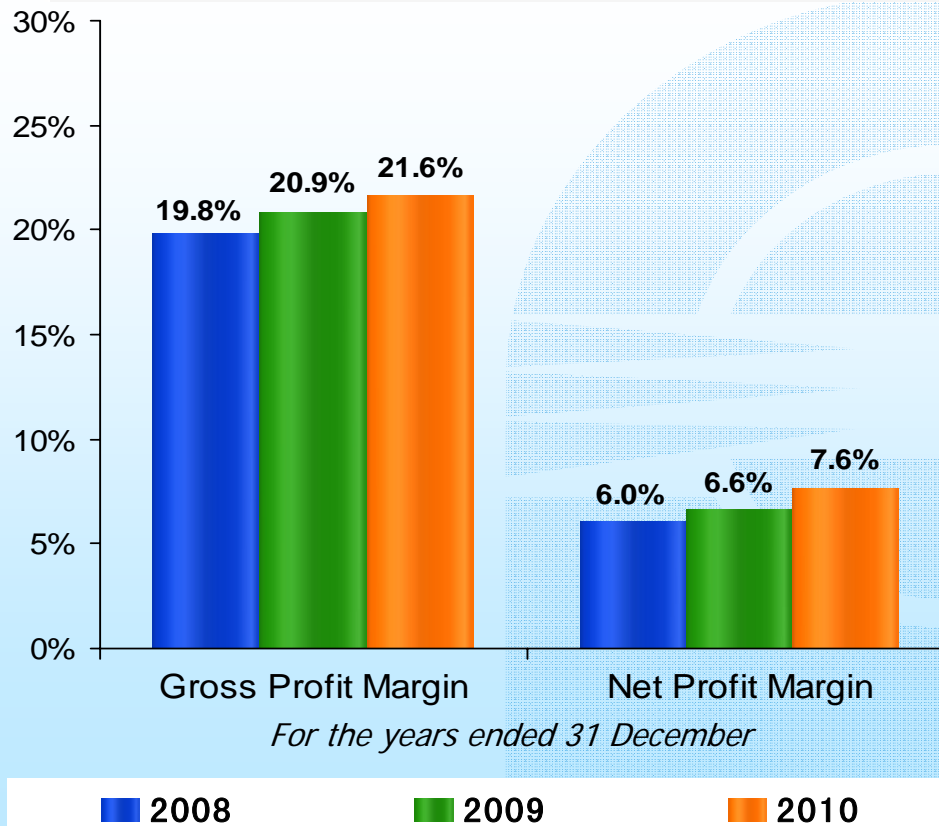


Profit Margin Overview

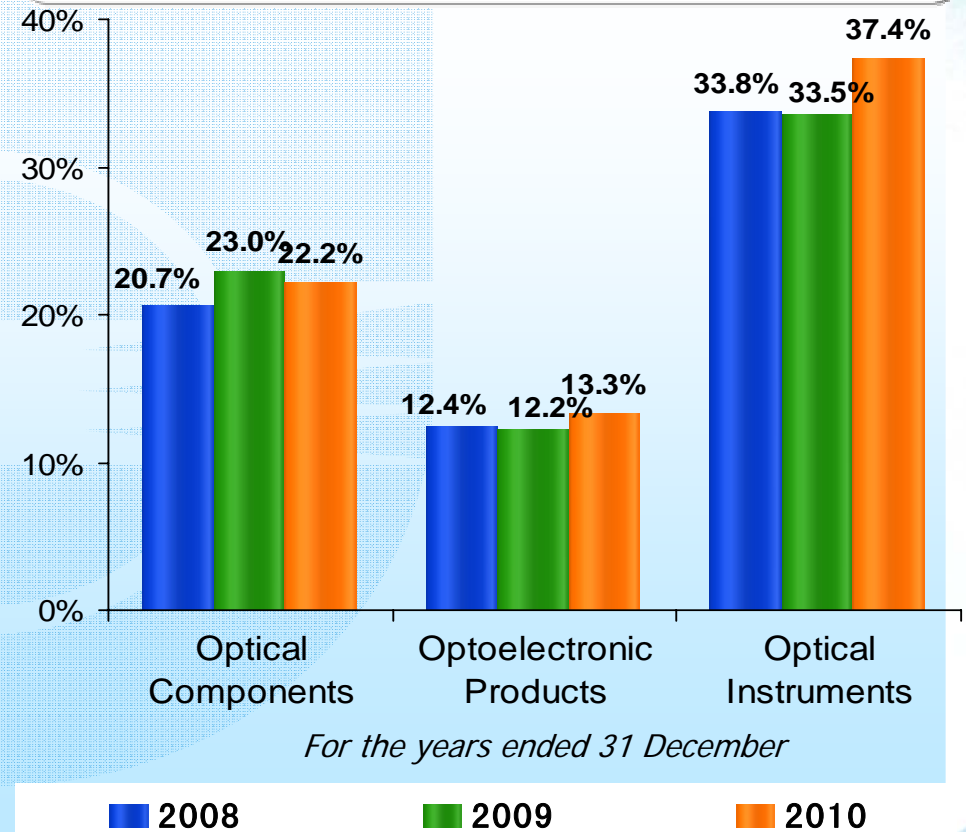
- Increase in gross profit margin is mainly due to:
 1. Improvement in product mix
 2. Increase in utilization rate
 3. Positive effects on implementation of Lean Production

- Increase in net profit margin is mainly due to:
 1. Increase in gross profit
 2. Effective control over operation expenses

Gross Profit Margin and Net Profit Margin



Gross Profit Margin by Business Segments



* Since the optical spherical lens sales as a proportion of Optical Components sales increased, gross profit of Optical Components business segment decreased slightly

Operating Expenses Analysis



2008

2009

2010

For the years ended 31 December

<i>(RMB mn)</i>		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>		<i>(As % of revenue)</i>
Revenue	1,267.1	100.0%	1,309.6	100.0%	1,818.1	100.0
Total operating expenses	195.1	15.3%	196.4	15.0%	250.9	13.8%
Selling and distribution expenses	31.0	2.4%	31.9	2.4%	43.9	2.4%
R&D expenditure	56.1	4.4%	75.9	5.8%	99.6	5.5%
Administrative expenses	108.0	8.5%	88.6	6.8%	107.4	5.9%



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

Outlook and Development Strategies



Carry Out Management Innovation in Every Way

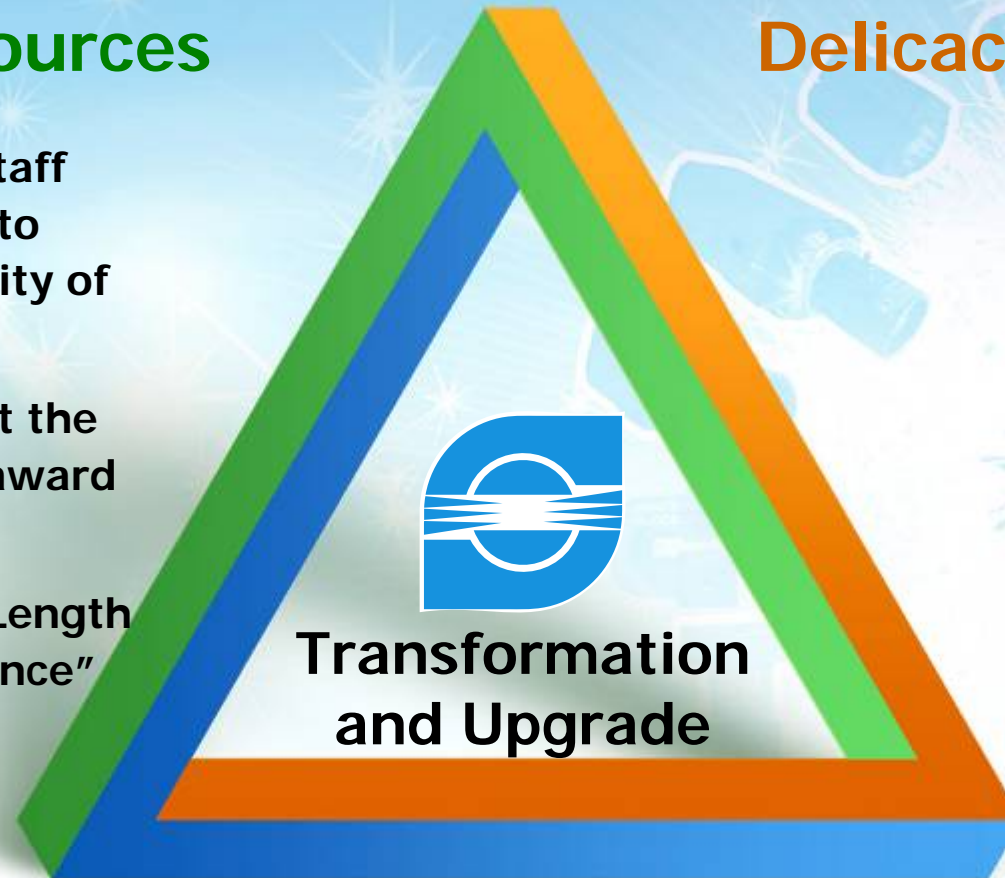


Human Resources

- Introduction of staff capability model to enhance the quality of the staff
- Continue to adopt the restricted share award scheme
- Implement the “Length of Service Allowance” system

Delicacy Management

- Continuous implementation of “Lean Production”
- Enhance operational efficiency and quality
- Build a brand management system



**Transformation
and Upgrade**

IT System

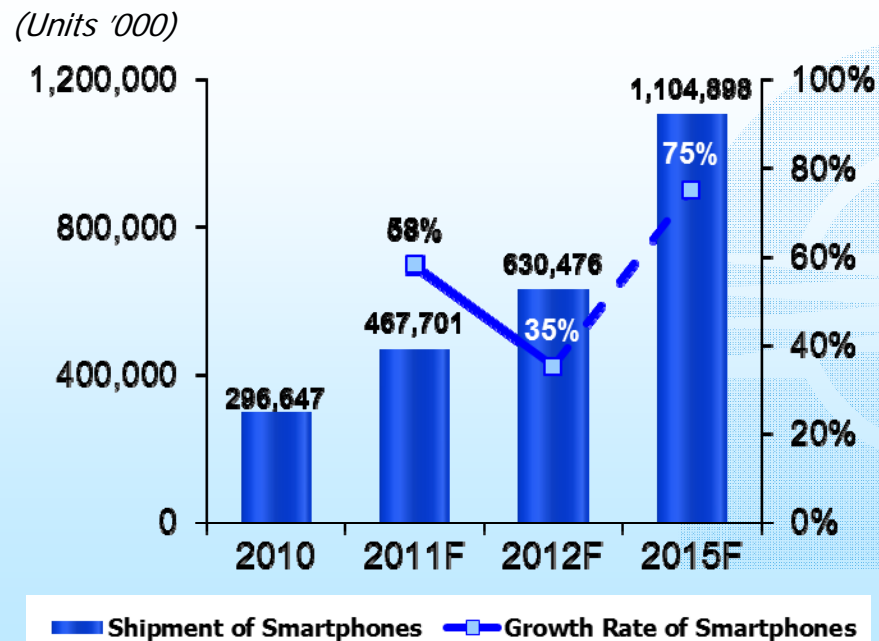
- Thorough implementation of the SAP system to support the business operation and development

Dedicated to and Focused on the Existing Industries



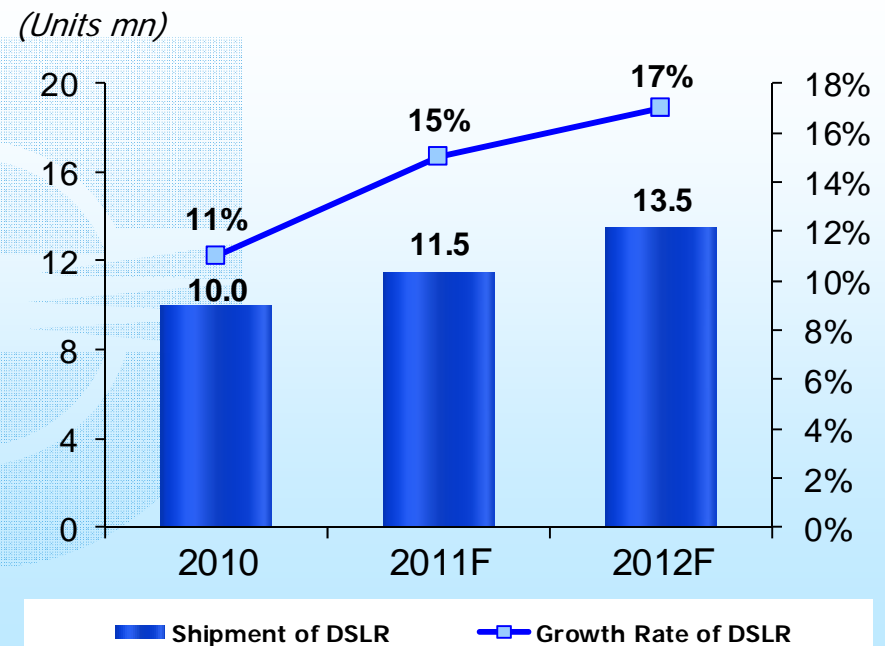
- Enhance the level of customer base and enter into the high-end markets
- Enrich the product mix to take advantage of its competitiveness
- Enhance R&D capabilities and added value of products
- For handset camera lens sets and camera modules, strive to enter into first class international handset supply chain
- Enhance the production capability of DSLR camera lens, aim to be No.1 of DSLR lens supplier
- Further develop both domestic and overseas markets of optical instruments

**Global Shipment and Growth Rate of Smartphones
(2010 – 2015F)**



Source: Gartner

**Global Shipment and Growth Rate of DSLR
(2010 – 2012F)**

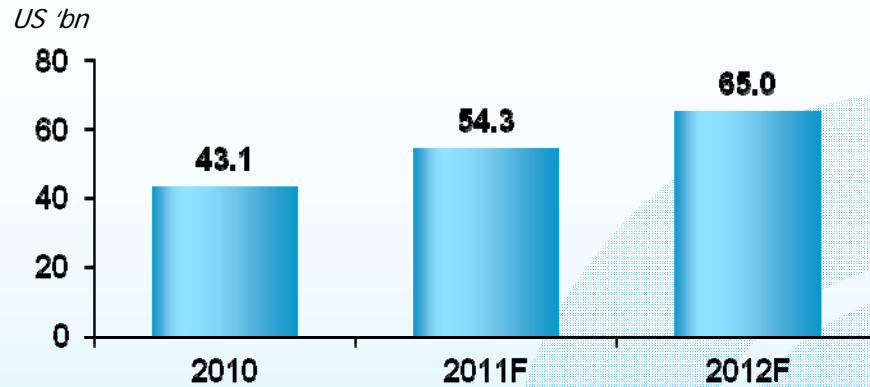


Source: MIC

Accelerate the Development of New Business



Market Forecast of Domestic Video Security System

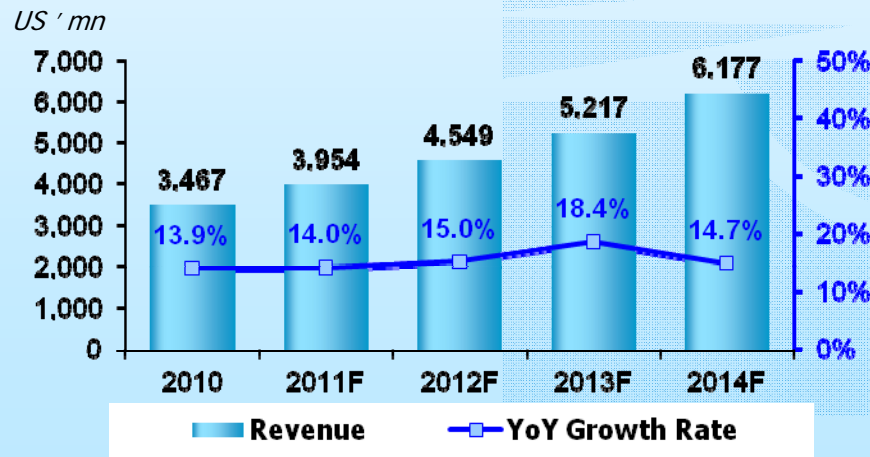


Source: IDC



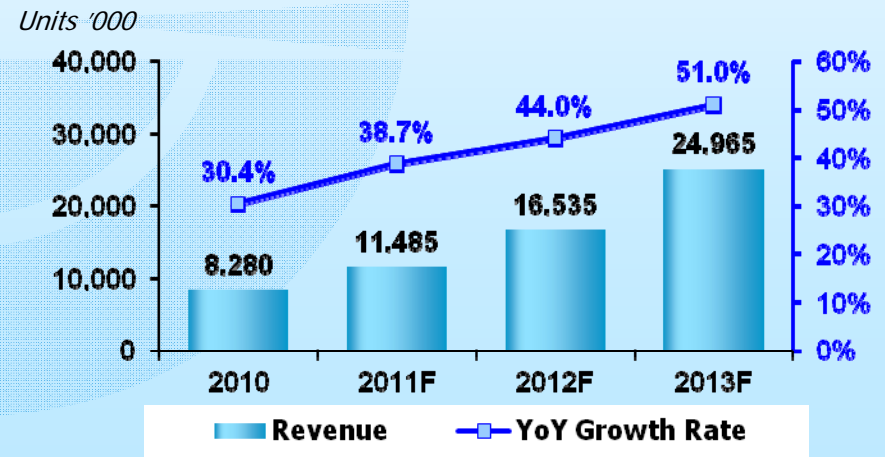
- Maintain a rapid growth on vehicle imaging business with incessant exploration
- Make every effort to develop the business of infrared products, aim to double the Group's revenue in the future
- Speed up the R&D and marketing of security cameras

Market Forecast of Global Infrared Instruments



Source: Maxtech International Inc.

Global Market Forecast of Vehicle Camera Lens Module



Source: Techno Systems Research

Development Strategies



**Dedicated to and focused on
the existing industries**



**Accelerate the
development of
new businesses**

**Carry out management
innovation in every way**



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

Open Forum

IR Contacts:

Sunny Optical Technology (Group)
Company Limited

Email: idahu@sunnyoptical.com /
jasmine@sunnyoptical.com /
ir@sunnyoptical.com

Tel: +86 574 6253 0875 /
+852 3568 7038

Media Relations Contacts:

Porda Havas International Finance
Communications Group

Email: sunnyoptical@pordahavas.com
Tel: +852 3150 6788

