

[For Immediate Release]



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

Sunny Optical Announces Impressive Maiden Interim Profits

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Revenue Up 43.6% to RMB556million, Profit attributable to equity holders

Rose 174.5% to RMB102.1million

Driven by Strong Demand for Digital Imaging Products

Financial Highlights

<i>(RMB million)</i>	Six months ended 30 June		
	2007	2006	Change
Revenue	556.0	387.3	+43.6%
- Optical components	189.7	114.8	+65.2%
- Optoelectronic products	307.2	212.0	+44.9%
- Optical instruments	59.1	60.4	-2.2%
Gross Profit	149.9	111.3	+34.7%
Profit for the period	102.1	73.0	+39.9%
Profit attributable to equity holders	102.1	37.2	+174.5%
Earnings per share			
- Basic and diluted (RMB cents)	12.30	7.82	+57.3%

(August 28, 2007 – Hong Kong) - Sunny Optical Technology (Group) Company Limited ("Sunny Optical" or the "Group," stock code: 2382), a leading integrated optical components and products manufacturer in terms of revenue and profitability in the PRC, announced its interim results for the six months ended 30 June 2007 ("1H2007"). Having successfully listed its shares on the Main Board of the Hong Kong Stock Exchange on 15 June 2007 that was well-received by both retail and institutional investors, the Group has recorded strong growth in sales and profit.

During the period under review, the Group posted a 43.6% increase in sales whereas profit attributable to equity holders surged 174.5% compared to the same period in 2006 ("1H2006"). Basic earnings per share amounted to RMB12.30 cents, representing an increase of 57.3% over RMB7.82 cents in the previous corresponding period.

Commenting on the Group's impressive maiden interim results, Mr. Wang Wenjian, Chairman of the Group, said, "This is our first results announcement since listing. We are delighted to deliver such encouraging results to our shareholders. With optical applications becoming more common in consumer electronic products, global demand for optical components and related products has continued to increase with substantial room for further growth. China, as the main global manufacturing base for consumer electronic products, will continue to sustain immense opportunities for optical component manufacturers in the country of which we are in an excellent position to capture."

Revenue in 1H2007 increased by 43.6% to RMB556.0 million from RMB387.3 million in 1H2006. The significant growth was mainly attributable to the increase in revenue from optical components and optoelectronic products that were driven by rising demand for mobile phones with camera functions as well as demand for other end products with optical-related applications. The management is of the view that demand for optoelectronic products will continue to experience strong growth along with the increasing popularity of digital imaging products.

Optical Components

Revenue from optical components business reached RMB189.7 million in 1H2007, representing a considerable growth of 65.2% as compared with the corresponding period in 2006. The segment accounted for 34.1% of the Group's revenue.

Optoelectronic Products

The Group's optoelectronic products business remained as the primary revenue driver as revenue from this segment surged around 44.9% to RMB307.2 million during the interim period, which accounted for 55.3% of the Group's revenue. During the interim period, the Group's has enhanced its product mix with a greater focus in optoelectronic products and has successfully built up stronger relationships with PRC mobile phone manufacturers, who has benefited from the accelerated advancement of PRC's 3G technologies and are increasingly taking up greater share of the mobile handset market.

Optical Instruments

While the Group has focused on product research and development during the interim period, revenue from this business segment has slipped 2.2% from RMB60.4 million in 1H2006 to RMB59.1 million, which accounted for 10.6% of total revenue generated. The Group intends to ramp up its marketing initiatives in the second half of the year to accelerate growth in the area.

Gross profit for the interim period increased by 34.7% from RMB111.3 million in 1H2006 to RMB149.9 million in 1H2007. While revenue from optoelectronic products, which have relatively lower profit margins, increased significantly during the period, hence lowering the Group's overall gross margin. The effect has been partially offset by the increase in the revenue from optical components segment which possess higher gross margin than optoelectronic products. As such, the overall gross margin decreased slightly from approximately 28.7% in 2006 to approximately 27.0% in 2007. In addition, there are signs indicating that the gross margin of optoelectronic products is improving with the margin in 2007 is higher than the average margin in 2006 and the demand for the products is on an upward trend.

Profit for the period grew 39.9% to approximately RMB102.1 million in 1H2007 from approximately RMB73.0 million in 1H2006. The increase in net profit was a combined effect of the increase in gross profit and the increase in interest income from the share application. Net profit margin decreased slightly from 18.8% in 1H2006 to 18.4% in 1H2007. The adjustment in net profit margin was mainly attributable to the slightly decline in gross profit margin.

On the Group's strategies, Mr. Wang commented, "Our successful IPO, which was very significantly oversubscribed and extremely well-received by both institutional and retail investors, has strengthened the Group's financial position, enlarged our shareholder base and enhanced our brand recognition. Going forward, we will continue to enhance our R&D capability to develop more advanced and better quality products, leverage our professional knowledge and core competencies to expand product sales, strengthen and expand our supplier network, as well as retain and recruit more technical staff with industry experience, to achieve our goal to become a leading integrated optical products manufacturer in the world. We are confident that our business performance, in particular, revenue from optoelectronic products, will continue to be strong throughout the year of 2007 and provide fruitful returns to our shareholders."

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Company Profile

Sunny Optical Technology (Group) Company Limited is a leading integrated optical components and products manufacturer in the PRC with production bases in Zhejiang and Zhongshan totaling 105,261 sq.m in site area. Capitalising its expertise to integrate optical, mechanical and electronic technologies, the Group offers 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. Leveraging the increase in demand for optical products as well as consumer electronic products, the Group has become the main supplier to some globally-leading brandnames amongst its clients.

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