

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)
(Stock Code 股份代號: 2382.HK)

Sunny Optical Technology Announces 2019 Interim Results

**Leveraged on First-mover Advantage and Strong
Comprehensive Competitiveness
Maintain the Leading Position in the Industry
Revenue up 30.0% and Gross Profit up 23.4%**

Financial Highlights (For the six months ended 30 June)			
	2019 (RMB '000)	2018 (RMB '000)	Change
Revenue	15,574,900	11,976,400	+30.0%
– Optical Components	3,773,700	2,656,300	+42.1%
– Optoelectronic Products	11,679,500	9,186,900	+27.1%
– Optical Instruments	121,700	133,200	-8.6%
Gross Profit	2,864,000	2,320,100	+23.4%
Profit for the Period Attributable to Owners of the Company	1,431,200	1,179,800	+21.3%
Basic Earnings per Share (RMB cents)	130.79	108.03	+21.1%

[13 August 2019, Hong Kong] The leading integrated optical components and products producer in the PRC, **Sunny Optical Technology (Group) Company Limited** (“**Sunny Optical Technology**” or the “**Company**”, together with its subsidiaries, the “**Group**”)(stock code: 2382.HK), today announced its interim results for the six months ended 30 June 2019 (“**period under review**”).

As a world-leading supplier of handset lens sets and handset camera modules, the Group benefited from its leading R&D technological advantages and the synergies brought by Optical Components and Optoelectronic Products business segments. The Group's revenue increased by approximately 30.0% from the same period last year to approximately RMB15,574.9 million. Gross profit was approximately RMB2,864.0 million, representing an increase of approximately 23.4% over the same period last year. Profit attributable to owners of the Company increased by approximately 21.3% to

approximately RMB1,431.2 million. Basic earnings per share increased to approximately RMB130.79 cents, an increase of approximately 21.1%.

Looking back to the first half of 2019, the global economic growth slowed down dramatically. Although China's economy has made steady progress, the downward pressure increased in face of the complex and changing external environment, especially the uncertainties surrounding the Sino-US trade dispute. The entire consumer electronics market was weak. In particular, the overall sales volume of the smartphone market was still in a slump due to the lack of clear stimulators. Meanwhile, as many countries and regions continued to promote the commercialisation of advanced driver assistance systems (“**ADAS**”) and even autonomous driving and along with the development of global intelligent networking technologies, the vehicle cameras, as one of the important components of vehicle imaging and sensing systems, maintained a strong momentum for rapid growth. In general, in spite of the challenges, the Group maintained its leading position in the industry and realised a stable growth of its overall performance by leveraging on its technical first mover advantage and strong comprehensive competitive strength. Facing the fierce market competition and complex external environment, the Group established a market-oriented technological innovation system that combined its production, learning and research efforts to improve its independent innovation capabilities. The Group also endeavored to upgrade the existing products and develop new products of its three major business segments, namely, Optical Components, Optoelectronic Products and Optical Instruments. Meanwhile, the Group continued to optimise its manufacturing management process and organisational structure, further boosted refined management, made continuous upgrade and innovations in its production technologies and accelerated its automation transformation in order to improve its production efficiency.

Enhance Key Technologies for Optical Components and Develop Segmental Markets

Benefiting from the development of the mid- to high-end handset cameras and the rapid growth in the field of vehicle cameras, as well as the great efforts made by the Optical Components business segment in developing key technologies, enhancing management capabilities, reinforcing R&D capabilities and expanding segmental markets, this business segment achieved satisfactory results. During the period under review, the revenue from the Optical Components business segment amounted to approximately RMB3,773.7 million, representing an increase of approximately 42.1% as compared with the corresponding period of last year. This business segment accounted for approximately 24.2% of the Group's total revenue as compared with approximately 22.2% in the corresponding period of last year.

During the period under review, the shipment volume of handset lens sets of the Group increased by approximately 37.8% compared to that of the corresponding period of last year, and the proportion of shipment volume of 20-mega pixel and above products reached approximately 13.7%. In addition, the Group also paid great attention to the investment in the R&D of new specifications and the improvement of its technological innovation capabilities, especially in new specifications such as high magnification optical zoom, large aperture, ultra-miniaturization, ultra-wide angle, etc. The Group has successfully completed the R&D of a number of products with new specifications, including 64-mega pixel large image size (1/1.7") handset lens sets and ultra-macro shooting (3cm) handset lens sets. Meanwhile, 16-mega pixel ultra-wide angle (120°) handset lens sets, ultra-large aperture (FNo.1.4) handset lens sets with 7 pieces plastic lenses ("7P"), ultra-miniaturized head (head size 2.65mm) handset lens sets and 16-mega pixel ultra-thin handset lens sets have been commenced mass production successfully. Furthermore, with its extensive experience and leading technological advantages in the optical field, the Group actively promoted the design and development of semiconductor optical and micro-nano optical products. At the same time, the Group developed a wide range of lenses and lens sets applied to VR/ AR, biological recognition, motion tracking, optical communication, distance sensors and other fields. Some of these products have commenced mass production and achieved further breakthroughs in sales, resulting in considerable economic benefits.

During the period under review, the shipment volume of vehicle lens sets of the Group increased by approximately 24.8% compared to that of the corresponding period of last year, maintaining its ranking as the global number one in the industry. The Group also achieved significant technological breakthroughs in the field of vehicle lens sets. The 2-mega pixel and above vehicle lens sets used in ADAS as self-developed by the Group entered into the batch supply stage. Moreover, the Group has made breakthroughs in the technology of automotive LIDAR components and achieved delivery of optical components in small batches. At the same time, the Group has successfully mass produced the key optical components applied to the vehicle's head-up display ("HUD") and completed the R&D of the smart headlight prototype.

Break Through the Core Technology of Optoelectronic Products and Seize the Wave of Technology Upgrade

Under the multifaceted pressure of decrease in the shipment volume of the global smartphone market, intensified market competition and the volatile Sino-US trade situation, the Optoelectronic Products business segment still could capture the wave of technology upgrades in the mid- to high-end smartphone market. Through the breakthroughs in core technologies, strengthening the

supply chain management, improving the ability in production processing and expanding the construction of manufacturing system, the sales of this business segment have achieved a considerable growth. During the period under review, the revenue from the Optoelectronic Products business segment amounted to approximately RMB11,679.5 million, representing an increase of approximately 27.1% as compared with the corresponding period of last year. This business segment accounted for approximately 75.0% of the Group's total revenue as compared with approximately 76.7% in the corresponding period of last year.

During the period under review, the shipment volume of handset camera modules of the Group increased by approximately 20.7% compared to that of the corresponding period of last year. In the first half of 2019, triple-camera has become a popular configuration for high-end smartphones. At the same time, the demand for high-magnification optical zoom products is strong and the Group has successfully mass produced the periscope-style handset camera modules with 5-time optical zoom function. In addition, as consumers' requirements for smartphone image performance is getting higher and higher, the demand for large-aperture technology is also stronger. The Group has been the first mover to mass produce the handset camera modules with ultra-large aperture (FNo.1.4) during the period under review. Meanwhile, the advent of the 5G era further promoted the development of 3D sensing and the demand for TOF technology from smartphone brand manufacturers was particularly strong. The Group has successfully mass produced TOF related products in large amount. In terms of technological innovation, the Group continued to innovate in high-precision alignment technology and self-developed the third-generation active alignment ("AA") technology. In terms of production line processing, the Group had firstly developed the on-line assembly ("OLA") production line, which uses fully automated loading and unloading and material transfer method to achieve automatic production from chip on board ("COB") to AA. In addition, the Group also firstly launched the ultra-thin semiconductor packaging technology (IOM), which could reduce the module size and improve the precision and strength of the module.

With the gradual implement and clearing of 3D vision-related market applications, TOF products and technical solutions of the Group can be applied to robot vision, face recognition payment, smart retail, smart logistics and other various fields. Meanwhile, the Group has focused on the field of robot vision in terms of its market strategic positioning. Taking the sweeping robot vision module as an entry point, the Group cooperated with well-known customers on the basis of independent R&D to optimise new technologies of TOF products in the applications of simultaneous localisation and mapping and obstacle avoidance.

During the period under review, the Group's vehicle camera module business has made

breakthrough progress through market-oriented application, integration of various resources, and consideration of key technologies for typical new products in a systematic way, as well as forward-looking technology pre-research and reserve. The Group continued to mass produce high-definition surrounding view vehicle camera modules for an internationally renowned tier-one client. In addition, the Group has completed the R&D of 8-mega pixel front view vehicle camera modules applied to ADAS and has successfully passed the key process feasibility verification. At the same time, the Group has built a basic environment for software development and management with the software operation and maintenance platform, which is an important step for the Group in the development of software and hardware integrated products.

Actively Develop Optical Instruments Business and Increase R&D of High-end Products

During the period under review, with the weak market demand for optical instruments, the revenue from the Optical Instruments business segment amounted to approximately RMB121.7 million, representing a decrease of approximately 8.6% as compared with the corresponding period of last year. This business segment accounted for approximately 0.8% of the Group's total revenue as compared with approximately 1.1% in the corresponding period of last year.

In the meantime, the Group continued to make efforts in transforming to the role of instrument system solution integrator. The microscopes and intelligent equipment businesses made certain progress. The Group has completed the development of the first domestic microscopic interactive teaching system based on the Internet of Thing (“IoT”). The system can realise high-definition microscopic image teaching in pure wireless environment, reaching the domestic leading level in terms of color reproduction, image definition and imaging speed. Meanwhile, in response to the demand for multiple people to observe tissue slices simultaneously, the Group completed the development of a 10-person view microscope, which could improve the users' visual experience and communication efficiency among team members. Meanwhile, the Group has completed the development of a pathological section scan-imaging analysis system that uses the Group's latest computational optics technology including microscopic super depth of field and industrial automation motion and control technology to form clear and bright digital pathological slices quickly. Therefore, it could achieve the goal of assisting doctors' diagnosis and facilitate remote pathological and digital pathological storage. Such product has been certified by China Food and Drug Administration. In addition, the Group will further enhance the R&D and market investments in high-end optical instruments of the industrial, educational and medical fields to maintain the mid- to long-term stable development of the Group.

Looking ahead, Mr. Ye Liaoning, Chairman of the Board of Directors, said, "In the future, we will remain to monitor the global political and economic changes and the industrial development trends closely, seize the opportunities arising from its business transformation and upgrading, leverage on its advantages on scale and technologies and also implement the development strategies formulated at the beginning of the year on a consistent basis in order to consolidate the Group's leading market position."

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Company Profile:

Sunny Optical Technology (Group) Company Limited is a global leading integrated optical components and products manufacturer with more than thirty years of history. The Group is principally engaged in the design, research and development, 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), optoelectronic products (such as handset camera modules, 3D optoelectronic products, vehicle camera modules, security cameras and other optoelectronic modules) and optical instruments (such as microscopes and intelligent equipment for testing). The Group focuses on the application fields of optoelectronic-related products, such as handsets, digital cameras, vehicle imaging and sensing systems, security surveillance systems and automated factories, which require the comprehensive applications of 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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