

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 2017 Annual Results

**Outstanding Overall Performance,
Consolidated Industry Leading Position**

Revenue Up 53.1%; Gross Profit Up 79.2%

| Financial Highlights (For the year ended 31 December) | | | |
|--|----------------------------|----------------------------|----------------|
| | 2017 (RMB '000) | 2016 (RMB '000) | Change |
| Revenue | 22,366,300 | 14,611,800 | +53.1% |
| – Optical Components | 4,301,800 | 2,955,600 | +45.5% |
| – Optoelectronic Products | 17,771,000 | 11,403,200 | +55.8% |
| – Optical Instruments | 293,500 | 253,000 | +16.0% |
| Gross Profit | 4,802,800 | 2,680,100 | +79.2% |
| Profit for the Year Attributable to Owners of the Company | 2,901,600 | 1,270,800 | +128.3% |
| Basic Earnings per Share (RMB cents) | 266.76 | 117.60 | +126.8% |
| Proposed Final Dividends per Share (RMB cents) | 66.10 | 29.00 | +127.9% |

【20 March 2018, 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 2017 (“**year under review**”).

The Group has achieved substantial growth in its results for the year of 2017, with its revenue increased by approximately 53.1% compared to the corresponding period of last year, to approximately RMB 22,366.3 million. The outstanding overall performance in revenue was mainly benefited from the Group’s rapid development in the smartphone related businesses and vehicle imaging field. The Group’s gross profit increased by approximately 79.2% compared to the corresponding period of last year to approximately RMB 4,802.8 million. The gross profit margin was approximately 21.5%, which was 3.2 percentage points higher than that of last year. The increase in gross profit margin was mainly attributable to the fast growth in sales of Optical Components business segment as well as its substantially improved gross profit margin, and the improved gross profit margin of the Optoelectronic Products business segment. Thanks to the effective control of operating expenses, profit for the year attributable to owners of the Company increased by approximately 128.3% to approximately RMB 2,901.6 million. Basic earnings per share increased by

approximately 126.8% to approximately RMB 266.76 cents.

The Board of Directors of the Group proposed payment of a final dividend of approximately RMB 0.661 per share (equivalent to HK\$ 0.812) for the year ended 31 December 2017.

Commenting on the Group's performance during the year under review, Mr. Ye Liaoning, Chairman of the Board of Directors of Sunny Optical, said, "The global economy entered into a gradually improving situation in 2017. The growth of the global economy was expected to improve. The economic growth of the developed economies showed a good momentum while the growth of the emerging markets and developing economies was stabilising and recovering. However, the threats from the risks to which the global economy was exposed still exist, and the situation of the world economy was still under changes and adjustments. As one of the world's major economies, China's economic strength has reached a new stage, and its economic structure has also been changed significantly. Meanwhile, the consumer electronics industry which had shown rapid development in the past few years entered into a stable stage with its growth continuing to slowdown. Although China is still the world's largest smartphone market, the market saturation trend is further intensified. According to the data issued by Gesellschaft für Konsumforschung ("**GfK**"), the year-on-year growth of retail sales of Chinese smartphone market in 2017 still only accounted for 1.5%. By making positive responses, change of the strategies and continuous introduction of flagship models and high-end models with high quality and high performance, Chinese local brands have further gained market share and thus reshaped the market landscape. Meanwhile, Chinese local brands have been very popular in the overseas market by reason of their technologies and innovation. In addition, with the development of internet of vehicle and the international popularisation and promotion of laws and regulations, the vehicle lens sets, as one kind of important components of vehicle imaging systems and advanced driver assistance systems ("**ADAS**"), realised quick development in global market and maintained a high growth momentum. 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 thereby."

Benefiting from the continuous growth in the mid- to high-end smartphone market and the vehicle imaging field, the Group's excellent acute insight of the market trend, as well as the technological innovation, market expansion and the improvement of the production efficiency made by the Group's Optical Components business segment, it contributed to the substantial growth in sales and the further optimisation of product mix and customer structure. During the year under review, the Optical Components business segment recorded a revenue of approximately RMB 4,301.8 million, representing an increase of approximately 45.5% as compared with the corresponding period of last year. This business segment accounted for approximately [19.2%] of the Group's total revenue, as compared with approximately 20.2% 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 60.3% in the shipment volume. Meanwhile, the proportion of shipment volume of 10-mega pixel above products increased from approximately 28.9% last year to approximately 47.6%. In addition, the Group also focused on R&D investment for products. During the year under review, a variety of 20-mega pixel miniaturised handset lens sets have been completed the development and commenced mass production by the Group and the first hybrid handset lens sets in the world has also commenced mass production. At the same time, the development of more models high-end large aperture handset lens sets with 6 pieces of plastic aspherical lenses (“6P”) has been completed and such products have begun to be used among numerous famous customers. In addition, the Group actively developed semiconductor optics and micro-nano optics, which laid a foundation for the Group to arrange more value chain in 3D industry. In addition to continued mass production of the high-end handset lens sets with 10-mega pixel above for Korean customer and Japanese customer, more and more high-end handsets lens sets with differentiated functions and high resolution were provided to famous domestic smartphone players. The Group further improved its domestic market share.

During the year under review, vehicle lens sets of the Group recorded a growth of approximately 41.0% 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 continued to maintain No.1 position in the industry globally and its market share has been improved further.

During the year under review, the Group has completed the R&D of 4-mega pixel and 8-mega pixel vehicle lens sets and strongly promoted the “Replacing Labour with Robots” plan, which contributed to great improvement for production efficiency and costs. The Group touched the vehicle’s head-up display (“HUD”) field previously and completed the R&D and manufacture of several samples. Currently, the Group has conducted material business cooperation with several international first-tier supplier customers.

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. During the year under review, the revenue from the Optoelectronic Products business segment amounted to approximately RMB 17,771.0 million, representing an increase of approximately 55.8% compared with the corresponding period of last year. This business segment accounted for approximately 79.5% of the Group’s total revenue, as compared with approximately 78.0% 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 20.4% in the shipment volume. Meanwhile, the proportion of shipment

volume of 10-mega pixel above products increased from approximately 60.7% last year to approximately 64.5%, and the proportion of shipment volume of dual-camera modules increased significantly. During the year under review, the penetration rate of dual-camera modules in smartphone industry increased sharply and the specifications were also more diversified. As a major supplier, the Group has provided 10-mega pixel above dual-camera modules to numerous well-known domestic smartphone brands, and has completed the R&D on periscope-style dual-camera modules with high magnification optical zoom function. In addition, the Group has commenced mass production of the modules of the time-of-flight (“**TOF**”) and structured-light modules which are developed based on domain of depth perception, as well as binocular stereo cameras, which have been applied to the fields such as smartphones, drones and AR/VR, etc. 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. At the same time, the Group continuously optimised and upgraded the production process, which has greatly improved the production efficiency.

During the year under review, benefiting from the recovery of macroeconomic environment and the increase of demand of the entire electronic market for relevant instruments and equipment because of its recovery, the revenue from the Optical Instruments business segment amounted to approximately RMB 293.5 million, representing an increase of approximately 16.0% compared with the corresponding period of last year. This business segment accounted for approximately 1.3% of the Group’s total sales revenue, as compared with approximately 1.8% in the corresponding period of last year.

During the year under review, the Group continued the transformation of the Optical Instruments business segment, and further optimised the configuration, consolidated the foundation and optimised the technologies. As a result, the competitiveness of the products has been improved steadily. The LED invert fluorescence microscope with automatic fluorescence switch, which was first applied to the field of life science market in China, was put into mass production. The Group’s smart factory integrated solutions were further improved. In addition, the Group will also continue to enhance the research & development and market investments of high-end optical instruments in industrial, educational and medical fields to maintain the mid- to long-term solid development of the Group.

Looking ahead, Mr. Ye Liaoning said, “Entering into 2018, the total economic output indicators of the global macro economy tend to be stable, the power for Chinese economic growth comes from structural improvements, the overall consumption grows steadily while the mid- and high-end consumption grows strongly. As the industry centralisation trend is accelerating, although the growth

of the entire smartphone market will continue to slowdown, the upgrading of the specifications of cameras has become the main driver of replacement demand for new phones. The application scenarios of optics and optoelectronics are getting more and more plentiful, various innovative technologies are being developed rapidly and relevant supply chains demand will continue to be strong. Therefore, leveraging on the broad development prospect of the optoelectronic industry where it bases and the advantages as an optical expert, the Group will continue to invest resources to deepen technological innovation, achieve technological breakthrough in key areas, further improve the informatisation management level and enhance the construction of supply chain and quality system so as to continuously improve the Group's comprehensive competitiveness and consolidate its leading position in the industry.”

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About Sunny Optical:

Sunny Optical Technology (Group) Company Limited (“**Sunny Optical**” or the “**Company**” , 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 and optical measuring 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 and optical measuring 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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