To: Business Editors  
[For Immediate Release]

Sunny Optical Announces 2018 Interim Results

Overall Performance Stable Growth, Remained Leading Industry Position with Revenue up 19.4% and Gross Profit up 12.1%

Financial Highlights (For the six months ended 30 June)

<table>
<thead>
<tr>
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<th>2018 (RMB ’000)</th>
<th>2017 (RMB ’000)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optical Components</td>
<td>11,976,400</td>
<td>10,031,700</td>
<td>+19.4%</td>
</tr>
<tr>
<td>Optoelectronic Products</td>
<td>2,656,300</td>
<td>1,895,500</td>
<td>+40.1%</td>
</tr>
<tr>
<td>Optical Instruments</td>
<td>9,186,900</td>
<td>8,013,600</td>
<td>+14.6%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>133,200</td>
<td>122,500</td>
<td>+8.7%</td>
</tr>
<tr>
<td>Profit for the Period Attributable to Owners of the Company</td>
<td>2,320,100</td>
<td>2,069,700</td>
<td>+12.1%</td>
</tr>
<tr>
<td>Basic Earnings per Share (RMB cents)</td>
<td>1179800</td>
<td>1159200</td>
<td>+1.8%</td>
</tr>
<tr>
<td></td>
<td>108.03</td>
<td>107.37</td>
<td>+0.6%</td>
</tr>
</tbody>
</table>

[13 August 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 interim results for the six months ended 30 June 2018 (“period under review”).

The Group has achieved stable growth of overall performances for the first half of 2018. The increase in revenue was mainly benefited from the Group’s further development in smartphone related businesses and rapid development in the vehicle imaging field. Compared to the corresponding period of last year, the Group’s revenue rose by approximately 19.4%, to approximately RMB11,976.4 million. The Group’s gross profit increased by approximately 12.1% compared to the corresponding period of last year to approximately RMB2,320.1 million. The profit for the period attributable to owners of the Company slightly increased by approximately 1.8% to approximately RMB1,179.8 million. Basic earnings per share increased to approximately RMB 108.03 cents, representing an increase of 0.6%.
Commenting on the Group's performance during the period under review, Mr. Ye Liaoning, Chairman of the Board of Directors of Sunny Optical, said, “Looking back to the first half of 2018, the global economy continued to recover and the overall economic indicators kept growing, but the overall economic expansion slowed down compared with last year. Trade friction within the global economy kept simmering, which aggravated the uncertainty of economic development. The global smartphone market was in the mature stage of industrial development, and the overall growth rate demonstrated downward trend as compared with previous years. Chinese local brand manufacturers completed their market layouts through constantly enhancing the technology research and development, extending usage scenario of smartphones, and strengthening collaborative upgrade of software and hardware, which would break through the homogeneous competition. However, as the differentiation of users' experience brought by product's technical parameters is not particularly obvious, consumers' willingness to purchase new phones is generally weak. Given that the competition in smartphone market remains fierce, the trend for industry concentration will continue to intensify. On the other hand, with the continuous development of vehicle internet industry, the increasing demand for active safety when driving and driven by laws and regulations in the United States, the European Union, Japan and other countries, the demand for vehicle lens sets has maintained a high-speed growth. Meanwhile, vehicle cameras played an important role in the application of advanced driver assistance systems ("ADAS") and self-driving technology. As the penetration rate of ADAS continued to increase, the vehicle lens sets, as one of the important components of vehicle imaging and sensing systems, maintained rapid growth in global market and realized a strong momentum. Overall, in spite of the complex and changing external environment, the Group still remained its leading position in the industry with its technical first-mover advantage and comprehensive competitive strength, and it realized a stable growth of overall performance.”

Benefiting from the continuous growth in mid- to high-end smartphone market and vehicle imaging field, the Group’s active response to market changes, as well as the breakthrough of key technology, enhancement of R&D ability, market expansion and improvement of the production efficiency of Optical Components business segment, this business segment achieved satisfactory results. During the period under review, the revenue from Optical Components business segment amounted to approximately RMB2,656.3 million, representing an increase of approximately 40.1% as compared with the corresponding period of last year. This business segment accounted for approximately 22.2% of the Group’s total revenue as compared with approximately 18.9% in the corresponding period of last year.

During the period under review, handset lens sets of the Group recorded a year-on-year growth of approximately 53.6% in shipment volume. Meanwhile, the proportion of shipment volume of
10-mega pixel above products increased from approximately 42.9% of first half of last year to approximately 51.6%. The Group has successfully completed the R&D of multiple products, primarily including 16-mega pixel ultra-wide angle handset lens sets, handset lens sets with ultra-high aperture (FNo.1.5) and variable aperture, and handset lens sets with ultra-high aperture (FNo.1.4) and 7 pieces plastic aspheric lenses (“7P”). 24-mega pixel miniaturized head handset lens sets have achieved mass production. Meanwhile, the Group has advanced layout on a variety of telephoto handset lens sets for dual and triple-camera in advance. In respect of 3D field, the 3D collimating lens sets have achieved mass production. Furthermore, in addition to continued mass production of the high-end handset lens sets with 10-mega pixel above for Korean customers and Japanese customer, the Group has also provided more and more high resolution handset lens sets with differentiated functions and high specification to famous domestic smartphone brand manufacturers, which has further improved the Group’s share in domestic market. Besides, the Group has developed a wide range of products applied in emerging fields such as lenses and lens sets used in VR/AR, biological recognition, motion tracking, 3D and so on. Thanks to its profound accumulation of experience in the field of optics and leading edge in technology, and some of the products have commenced mass production.

During the period under review, the shipment volume of vehicle lens sets of the Group increased by approximately 17.9% as compared with the corresponding period of last year, and the Group also continued to maintain global No.1 position in the industry. The Group has achieved favorable performance in the future new product field, which further strengthened its leading position in segment market. During the period under review, the Group successfully developed the key optical components products of vehicle’s head-up display (“HUD”) and made a breakthrough in the market. Meanwhile, the Group launched the R&D and industrial chain layout of the key optical components of lidar, so as to expand the applications of vehicle optical products.

Benefiting from the growth of mid- to high-end smartphone market in the PRC, the rise of the domestic brands and the development of other mobile device products, the Optoelectronic Products business segment recorded a stable growth. During the period under review, the revenue from the Optoelectronic Products business segment amounted to approximately RMB9,186.9 million, representing an increase of approximately 14.6% over the corresponding period of last year. This business segment accounted for approximately 76.7% of the Group’s total revenue as compared with approximately 79.9% in the corresponding period of last year.

During the period under review, the handset camera modules of the Group recorded a year-on-year growth of approximately 16.3% in the shipment volume. Meanwhile, the proportion of shipment
volume of 10-mega pixel above products increased from approximately 64.1% of first half of last year to approximately 78.1%. During the period under review, dual-camera modules have become the mainstream with triple-camera modules emerging, and the demand for higher magnification optical zoom was strong at the same time. The Group has successfully developed triple-camera modules of 10-mega pixel above with 5 times magnification optical zoom functions. In addition, the Group has completed the R&D on 10-mega pixel above handset camera modules with FNo.1.4. Meanwhile, the vehicle camera modules for a world well-known Tier 1 customer have commenced mass production. In respect of 3D technology, the Group also carried out an overall layout. Modules based on depth vision have achieved mass production in unmanned retail areas. At the same time, the Group has launched continuous R&D and innovation on new patented packaging process technology, and has developed brand new packaging technology, so as to meet users’ demand for larger screen occupation ratio of smartphone. This will not only immensely improve the production efficiency, but also facilitate the promotion and expansion of business segments of multi-camera modules and 3D modules.

During the period under review, benefiting from the recovery of macroeconomic environment and the increased demand for the entire electronic market for relevant instruments and equipment because of its recovery, the revenue from the Optical Instruments business segment amounted to approximately RMB133.2 million, representing an increase of approximately 8.7% over the corresponding period of last year. This business segment accounted for approximately 1.1% of the Group’s total revenue as compared with approximately 1.2% in the corresponding period of last year.

During the period under review, the Group continued to deepen the role transformation of instrument system solution integrators, and has achieved growth and breakthroughs in each of the two business segments, namely microscopic instruments and intelligent equipment. As for the microscopic instruments business segment focused on the R&D and promotion of products and further strengthened its marketing capabilities with the product structure experiencing continued improvement. The objective lens with 20 times extra-large field of view, which was first applied to the field of gene sequencing in China, has commenced mass production. As for the intelligent equipment business segment, the chip camera modules focus tester and mycobacterium tuberculosis microscopy scanning system, which were independently developed by the Group, have commenced mass production. In addition, the Group will also continue to enhance investments in the R&D and market of high-end optical instruments in industrial, educational and medical fields to maintain the mid- to long-term stable development of the Group.
Looking ahead, Mr. Ye Liaoning said, “The Group will continue to consolidate the leading position in the market by improving and expanding its existing advantageous businesses and further improving its competitiveness in the market, and will continue to deepen “Two Transformations” and accelerate the incubation and growth of existing new businesses to provide customers with better product portfolios. Meanwhile, the Group will continue to take customers’ needs as the center and technology as the guide to explore new fields and cultivate new growth points of businesses, and will continue to improve talent introduction and cultivation mechanism, actively promote enterprise culture construction and provide an important guarantee for sustainable development in the future.”

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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 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 (the “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) (the “Optical Components”), optoelectronic products (such as handset camera modules, three dimensional (the “3D”) optoelectronic products, security cameras and other optoelectronic modules) (the “Optoelectronic Products”) and optical instruments (such as microscopes, optical measuring instruments and intelligent equipment for testing, manufacturing and assembly) (the “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 automated factories, which require the comprehensive application 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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