2019 Interim Results
Announcement
Corporate Presentation

August 2019
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.
Financial Highlights
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the six months ended 30 June (RMB mn)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>11,976.4</td>
<td>15,574.9</td>
<td>+30.0%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>2,320.1</td>
<td>2,864.0</td>
<td>+23.4%</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>1,412.4</td>
<td>1,660.6</td>
<td>+17.6%</td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>(222.6)</td>
<td>(228.2)</td>
<td>+2.5%</td>
</tr>
<tr>
<td>Effective Tax Rate (%)</td>
<td>15.8</td>
<td>13.7</td>
<td>-2.1ppt</td>
</tr>
<tr>
<td>Profit for the Period Attributable to Owners of the Company</td>
<td>1,179.8</td>
<td>1,431.2</td>
<td>+21.3%</td>
</tr>
<tr>
<td>Earnings per Share - Basic (RMB cents)</td>
<td>108.0</td>
<td>130.8</td>
<td>+21.1%</td>
</tr>
</tbody>
</table>
## Operating Expenses Analysis

For the six months ended 30 June
(RMB mn)

<table>
<thead>
<tr>
<th></th>
<th>2017 (as % of revenue)</th>
<th>2018 (as % of revenue)</th>
<th>2019 (as % of revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>10,031.7 100.0%</td>
<td>11,976.4 100.0%</td>
<td>15,574.9 100.0%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>822.1 8.1%</td>
<td>824.1 6.8%</td>
<td>1,214.7 7.8%</td>
</tr>
<tr>
<td><strong>· Selling and Distribution Expenses</strong></td>
<td>104.7 1.0%</td>
<td>95.5 0.8%</td>
<td>130.8 0.8%</td>
</tr>
<tr>
<td><strong>· R&amp;D Expenditure</strong></td>
<td>535.0 5.3%</td>
<td>544.5 4.5%</td>
<td>826.5 5.3%</td>
</tr>
<tr>
<td><strong>· Administration Expenses</strong></td>
<td>182.4 1.8%</td>
<td>184.1 1.5%</td>
<td>257.4 1.7%</td>
</tr>
</tbody>
</table>
## Solid Financial Position

**Current Ratio (Times)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.5</td>
<td>2.0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

**Operating Cash Inflow (RMB mn)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>578.5</td>
<td>599.6</td>
<td>1,158.4</td>
</tr>
</tbody>
</table>

**Cash and Cash Equivalents (RMB mn)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,656.0</td>
<td>5,875.8</td>
<td>6,084.2</td>
</tr>
</tbody>
</table>

- **Pledged Bank Deposits (RMB mn)**
  - 2017: 276.3
  - 2018: 355.3
  - 2019: 12.2

- **Financial Assets at Fair Value through Profit or Loss (RMB mn)**
  - 2017: 1,640.0
  - 2018: 4,003.3
  - 2019: 4,439.1

- **Bank Balances and Cash (RMB mn)**
  - 2017: 739.7
  - 2018: 1,517.2
  - 2019: 1,632.9

**Net Cash per Share (RMB cents)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>111.1</td>
<td>41.9</td>
<td>80.5</td>
</tr>
</tbody>
</table>

**Gearing Ratio (%)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.8</td>
<td>26.7</td>
<td>20.4</td>
</tr>
</tbody>
</table>

**ROE (%)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.2</td>
<td>14.8</td>
<td>14.1</td>
</tr>
</tbody>
</table>

**Capital Expenditure (RMB mn)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>782.6</td>
<td>1,092.0</td>
<td>1,188.8</td>
</tr>
</tbody>
</table>

*As at 30 June/ for the six months ended 30 June*
Revenue and Gross Profit Margins By Business Segments

Revenue by Business Segments

Gross Profit Margins by Business Segments

For the six months ended 30 June
Revenue Breakdown by Product Applications

- **Handset Related Products**
- **Vehicle Lens Sets**
- **Digital Camera Related Products**
- **Optical Instruments**
- **Other Products**

For the six months ended 30 June
Operation Review
Focus on Patent Layout
Strengthen Competitive Advantage

2019
As at 30 June
1,263 patents

- Ultra-wide angle camera lens set
- Miniature lens assembly
- Camera module and array camera module based on integrated packaging process
- Method and device of parking aid
- Microscanner and method for microscan

2018
As at 30 June
757 patents

- Interactive lens set
- Ultra-thin lens set
- Array camera module with circuit board unit and photosensitive unit and manufacturing method thereof
- One automated test equipment and test method of the camera module
- Fluorescent microscope light source and filter modules linkage

2017
As at 30 June
482 patents

- High resolution slim lens set
- One new long-wave infrared athermalization lens set with high amount of light through
- One laser vibration, displacement and its transducer measurement
Significant Achievements in R&D
Build Hi-tech Barriers

2018

- The R&D on ultra-large aperture (FNo.1.4) handset lens sets with 7P have been completed
- 48-mega pixel, 32-mega pixel miniaturized head and variable aperture (7P) handset lens sets have achieved mass production
- Collimating lens sets for 3D have achieved mass production
- The R&D on 8-mega pixel vehicle lens sets has been completed

- The periscope-style tiny modules with high magnification optical zoom function have achieved mass production
- TOF modules for handsets have achieved mass production
- The R&D on linear TOF products has been completed
- The R&D on high accuracy TOF products with wide angle has been completed
- The R&D on various kinds of surround view, front view and interior vehicle camera modules has been completed, some of which have achieved mass production

- Fully automated research and inverted microscopes have achieved production in small batches
- Scanning detection equipment for anisotropic conductive film (ACF) have achieved mass production
- The Mycobacterium tuberculosis microscopy scanning systems have achieved mass production

2019

- The R&D on 64-mega pixel large image size (1/1.7") and ultra-macro shooting (3cm) handset lens sets have been completed
- 16-mega pixel ultra-wide angle (120°), ultra-miniaturized head (head size is 2.65mm), 7P ultra-large aperture (FNo.1.4) and 16-mega pixel ultra-thin handset lens sets have achieved mass production
- 2-mega pixel and above vehicle lens sets used in ADAS have entered into the batch supply stage
- Optical components of vehicle LiDAR have achieved small batch delivery

- Periscope-style products with 5-time optical zoom function have achieved mass production
- Handset camera modules with ultra-large aperture (FNo.1.4) have achieved mass production
- The R&D on OLA production line process has been completed
- The R&D on ultra-thin semiconductor packaging technology (IOM) has been completed
- The R&D on 8-mega pixel front-view vehicle camera modules that used in ADAS has been completed

- The R&D of the first domestic microscopic interactive teaching system based on the IoT has been completed
- The R&D of 10-person view microscope has been completed
- The R&D of pathological section scan-imaging analysis system has been completed
Awards and Recognitions

Quam
“Investor Relations Awards”

HKIRA
“Best Investor Relations Company (Large Cap)”

MSCI
ESG rating “BB”

Continental
“Best Performance within Category Optical Devices”

Dahua
“Excellent Supplier Award”

O-film
“Core Supplier Award”

Huawei
“Excellent Quality Award”

LG
“Supplier Appreciation Award”

Huaqin
“Excellent Supplier Award”

CIOE
“Technology Innovation Award”

Quam
“Core Supplier Award”

Continental
“Best Performance within Category Optical Devices”

Dahua
“Excellent Supplier Award”

O-film
“Core Supplier Award”

Huawei
“Excellent Quality Award”

LG
“Supplier Appreciation Award”

Huaqin
“Excellent Supplier Award”

CIOE
“Technology Innovation Award”
Continue to Gain Global Market Share
Strive for Domestic No. 1 and Global No. 2

Shipment Volume of the Company’s Handset Lens Sets

For the six months ended 30 June

Shipment Volume Proportion of the Company’s Handset Lens Sets by Pixels

For the six months ended 30 June
Maintain No. 1 Position in Global Market
Further Expand the Market Share

Shipment Volume of the Company’s Vehicle Lens Sets

For the six months ended 30 June
Solidify Leading Position in Domestic Market
Further Capture Overseas Clients

Shipment Volume of the Company’s Handset Camera Modules

<table>
<thead>
<tr>
<th>Year</th>
<th>Shipment Volume (‘000 units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>153,319</td>
</tr>
<tr>
<td>2018</td>
<td>178,288</td>
</tr>
<tr>
<td>2019</td>
<td>215,160</td>
</tr>
</tbody>
</table>

Shipment Volume Proportion of the Company’s Handset Camera Modules by Pixels

- 8-mega pixel handset camera modules
- 10-mega pixel above handset camera modules

<table>
<thead>
<tr>
<th>Year</th>
<th>8-mega pixel %</th>
<th>10-mega pixel %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>20.3%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>14.1%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>18.2%</td>
<td></td>
</tr>
</tbody>
</table>

For the six months ended 30 June

For the six months ended 30 June
Future Outlook
Distinct Upgrade in Handset Lens Sets
Broad Application Prospects

- Main Camera
  Large Image Size
- High Resolution
- Ultra-wide Angle
- Telephoto Lens Set
- 2MP/5MP Depth of Field
- Macro Lens Set
- Video Lens Set
- 3D Lens Set

- Miniaturized Head
- Ultra-thin Lens Set
- Front AF
- Biological Recognition
  - TOF
  - 3D
  - Structured Light
Rapid Progress of Autonomous Driving
Huge Potential in Optical Applications

- Front View (ADAS)
- Drive Recorder
- Head-up Display
- LIDAR
- Electronic Rearview Mirror
- Rear View
- 360° Surround View
- In-cabin Monitoring/ Interaction
- Smart Headlight

Gesture Recognition
Driver Monitoring
Market Opportunities

- Display
- Recognition
- Positioning
- Detection

Smart Eye

Drone

Robot

Smart Medical

AR/VR

Smart Retail

Precision Industry
Q & A Session

IR Contacts:
Sunny Optical Technology (Group) Company Limited
Email: jfma@sunnyoptical.com
      jasmine@sunnyoptical.com
      chris@sunnyoptical.com
Tel:  +86 (574) 6253 4996
      +852-3568 7038

Media Relations Contacts:
Porda Havas International Finance Communications Group
Email: sunnyoptical@pordahavas.com
Tel:  +852-3150 6788
Appendix
CREATE A WORLD-RENNOWNED OPTOELECTRONIC COMPANY

1984
Established and entered into the optical industry

1995
Entered into the field of image digitization

2003
Commenced production of handset camera modules

2004
Commenced production of handset lens sets

2007
 Entered into the field of vehicle lens sets

2008
Enhanced R&D and production capacity of handset lens sets

2012
Posessed plastic aspherical lens technology

2013
Entered into a series of Strategic Cooperation Agreements with Konica Minolta Optical Products (Shanghai) Co., Ltd.

2014
Listed on the Main Board of the Hong Kong Stock Exchange

2015
Set up Zhejiang Sunny Optical Intelligence Technology Co., Ltd. in Hangzhou, responsible for the R&D, marketing and sales of intelligent optics products

2016
Set up subsidiaries in the US and South Korea

2017
Set up Sunny Instruments (Zhejiang) Research Institute Co., Ltd. in Hangzhou

2018
Issued US$600mn five-year bonds

2019
Set up a subsidiary in India

Set up Sunny Optical Intelligence Technology Co., Ltd. in Hangzhou, responsible for the R&D, marketing and sales of intelligent optics products

1984
Successfully placed 97,000,000 new shares and raised net proceeds of approximately HK$770 million

2004
Commenced production of handset camera modules

2007
Entered into the field of vehicle lens sets

2008
Enhanced R&D and production capacity of handset lens sets

2012
Possessed plastic aspherical lens technology

2013
Entered into a series of Strategic Cooperation Agreements with Konica Minolta Optical Products (Shanghai) Co., Ltd.

2014
Listed on the Main Board of the Hong Kong Stock Exchange

2015
Set up Zhejiang Sunny Optical Intelligence Technology Co., Ltd. in Hangzhou, responsible for the R&D, marketing and sales of intelligent optics products

2016
Set up subsidiaries in the US and South Korea

2017
Set up Sunny Instruments (Zhejiang) Research Institute Co., Ltd. in Hangzhou

2018
Issued US$600mn five-year bonds

2019
Set up a subsidiary in India
The Sunny Group Employee Offshore Trust is a trust which holds the entire issued share capital of Sun Ji Limited. Mr. Wang Wenjian, together with TMF Trust (HK) Limited, is one of the two trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust.

* As at 30 June 2019
Investment Highlights

OUTSTANDING PERFORMANCE IN NET PROFIT

FINAL DIVIDENDS PAYOUT RATIO AT 20%-30% OF THE PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Net Profit

Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit (RMB: mn)</th>
<th>Dividends (RMB: mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>561.3</td>
<td>170.0</td>
</tr>
<tr>
<td>2015</td>
<td>763.5</td>
<td>228.2</td>
</tr>
<tr>
<td>2016</td>
<td>1,271.6</td>
<td>318.1</td>
</tr>
<tr>
<td>2017</td>
<td>2,914.1</td>
<td>725.1</td>
</tr>
<tr>
<td>2018</td>
<td>2,512.7</td>
<td>623.0</td>
</tr>
</tbody>
</table>

For the year ended 31 December