Sunny Optical Technology (Group) Company Limited

Sunny Optical Technology Announces 2022 Interim Results

Three Major Products Maintain the Global No. 1 Position in terms of Market Share
Revenue Amounted to RMB16,971.8 million
Profit for the Period Attributable to Owners of the Company RMB1,357.9 million

<table>
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<tr>
<th>Financial Highlights (For the six months ended 30 June 2022)</th>
<th>(RMB ‘000)</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>16,971,800</td>
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<tr>
<td>- Optical Components</td>
<td>4,399,100</td>
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<tr>
<td>- Optoelectronic Products</td>
<td>12,370,900</td>
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<td>- Optical Instruments</td>
<td>201,800</td>
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<td>Gross Profit</td>
<td>3,522,400</td>
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<td>Profit for the Period Attributable to Owners of the Company</td>
<td>1,357,900</td>
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<td>Basic Earnings per Share (RMB cents)</td>
<td>124.13</td>
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(15 August 2022, Hong Kong) Sunny Optical Technology (Group) Company Limited (“Sunny Optical Technology” or the “Company”, together with its subsidiaries, the “Group”, stock code: 2382.HK), a global-leading integrated optical components and products manufacturer, today announced its interim results for the six months ended 30 June 2022.

For the six months ended 30 June 2022, the Group’s revenue was approximately RMB16,971.8 million, representing a year-on-year decrease of approximately 14.4%. The decrease in revenue was mainly attributable to impacts from the resurgence of the pandemic, chip shortage, Russian-Ukrainian conflict and inflation in the first half of 2022. The smartphone market experienced weak demand and the smartphone camera showed a trend of downgrading specification, which resulted in the year-on-year decrease of the shipment volume of handset lens sets and handset camera modules of the Group, with increasing pressure on average selling prices. Meanwhile, the growth rates of vehicle lens sets and vehicle modules of the Group did not increase as expected.

Gross profit was approximately RMB3,522.4 million, representing a year-on-year decrease of approximately 28.8%. The gross profit margin was approximately 20.8%, which was approximately 4.1 percentage points lower than that of the corresponding period of last year. The decrease of gross profit margin was impacted by the weak demand of smart phone market and the downgrading specification of smartphone camera, thus the gross profit margins of handset lens sets and handset camera modules both saw decreases.
Profit for the period attributable to owners of the Company was approximately RMB1,357.9 million, representing a year-on-year decrease of approximately 49.5%. The basic earnings per share was RMB124.13 cents.

In terms of the handset business, due to the continuous impact of the weak demand of global smartphone market and the downgrading specification of smartphone camera, the market competition for handset lens sets and handset camera modules was still fierce. Facing such unfavorable conditions, the Group insisted on R&D to enhance its own capabilities, and strengthened cooperation with international customers. By doing so, the Group’s handset lens sets and handset camera modules still maintained the global No.1 position in terms of market share in the first half of 2022.

In terms of the vehicle business, the vehicle lens sets also maintained the global No.1 position in terms of market share in the first half of 2022. At the same time, the Group continued to carry out technological iterations and innovations in ADAS vehicle cameras, high-definition surround-view vehicle cameras and in-cabin monitoring vehicle cameras, which were all highly recognized by the market.

In terms of the emerging optical market, the Group firmly seized the opportunities from the "Metaverse" trend, continued to explore the application of optics in emerging markets and actively explored new customers home and abroad, which has contributed to the further increase of the Group’s AR/VR relevant revenue.

Looking forward, Mr. Ye Liaoning, Chairman of the Board of Directors, said, “facing the complex and volatile global economic situation and international environment, it is predicted that the economic recovery will be full of difficulties, the consumption demands will maintain sluggish, and the development of relevant industries will not be optimistic and the operation of enterprises will still face great pressure. However, as digital and green economies gradually become the main engines to the global economic growth, they will bring new growth potentials and development opportunities to the optoelectronic industry. The rapid development of autonomous driving will promote the adoption of multi-sensor and there will be huge market potentials in VR/AR, robotic vision and other emerging industries. The Group will keep abreast of the market trend and get well prepared of the market layouts in advance. We will strengthen and expand the existing advantageous businesses to further expand the market share; continue to enhance the investment in new businesses and take over the strategic control points in the industry; improve the refined management and devote to continuous improvement on operation quality; and strengthen the talent team building. The Group will advance the corporate growth and the value enhancement, and continuously create more returns to the shareholders of the Company through the above strategies.”

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**About Sunny Optical Technology (Group) Company Limited**

Sunny Optical Technology (Group) Company Limited is a global-leading integrated optical components and products manufacturer. The Group is principally engaged in the design, R&D, manufacture and sales of optical and optical-related products. Such products include optical components (such as glass spherical and aspherical lenses, handset lens sets, vehicle lens sets, optical parts of vehicle LiDAR, security surveillance lens sets, VR positioning lens sets and other various lens sets), optoelectronic products (such as handset camera modules, vehicle modules, VR visual modules and other optoelectronic modules) and optical instruments (such as microscopes and intelligent inspection equipment). The Group focuses on the
application fields of optoelectronic-related products, such as handsets, vehicles, security surveillance, VR/AR and robots, which are combined with optical, electronic, algorithm and mechanical technologies.

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