



SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED

舜宇光學科技（集團）有限公司

(于开曼群岛注册成立的有限公司)

(股份代号：2382.HK)

2022 Annual Results Corporate Presentation

March 2023

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Agenda

- 1 **Financial Overview**
- 2 **Operation Review**
- 3 **ESG Performance Review**
- 4 **Strategy and Outlook**
- 5 **Appendix**



Financial Overview

Results Performance in Line with Overall Industry Situation

	2021	2022	Change
<i>For the year ended 31 December (RMB mn)</i>			
Revenue	37,496.9	33,196.9	-11.5%
Gross Profit	8,736.2	6,605.0	-24.4%
Profit Before Tax	5,634.9	2,715.0	-51.8%
Income Tax Expense	(579.0)	(240.8)	-58.4%
Effective Tax Rate (%)	10.3	8.9	-1.4ppt
Profit for the Year Attributable to Owners of the Company	4,988.0	2,407.8	-51.7%
Earnings per Share – Basic <i>(RMB cents)</i>	456.5	220.3	-51.8%

R&D Expenditure Increased Gradually

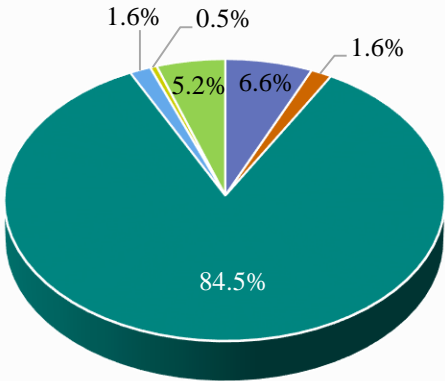
	2020		2021		2022	
<i>For the year ended 31 December (RMB mn)</i>	<i>(as % of revenue)</i>		<i>(as % of revenue)</i>		<i>(as % of revenue)</i>	
Revenue	38,001.8	100.0%	37,496.9	100.0%	33,196.9	100.0%
Total Operating Expenses	3,531.2	9.3%	3,673.9	9.7%	4,084.8	12.3%
• Selling and Distribution Expenses	313.5	0.8%	274.1	0.7%	352.8	1.1%
• R&D Expenditure	2,499.1	6.6%	2,642.2	7.0%	2,803.4	8.4%
• Administration Expense	718.6	1.9%	757.6	2.0%	928.6	2.8%

Solid Financial Position

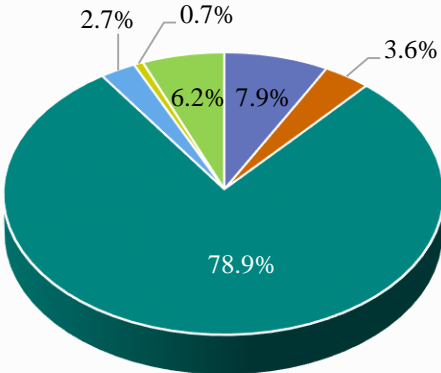
	2020	2021	2022
Current Ratio (<i>Times</i>)	1.9	2.4	1.6
Operating Cash Inflow (<i>RMB mn</i>)	7,160.0	6,979.0	7,377.3
Cash and Cash Equivalents (<i>RMB mn</i>)	11,560.3	14,992.7	18,104.6
<ul style="list-style-type: none"> • Pledged Bank Deposits (<i>RMB mn</i>) 	3.4	18.3	9.8
<ul style="list-style-type: none"> • Financial Assets at Fair Value through Profit or Loss (<i>RMB mn</i>) 	8,480.2	8,275.3	10,086.4
<ul style="list-style-type: none"> • Time Deposits, Short Term Fixed Deposits, Cash and Cash Equivalents (<i>RMB mn</i>) 	3,076.7	6,699.1	8,008.4
Net Cash per Share (<i>RMB cents</i>)	511.8	818.1	1,089.2
Gearing Ratio (%)	16.8	15.6	14.4
ROE (%)	29.4	24.2	11.2
Capital Expenditure (<i>RMB cents</i>)	2,798.4	2,588.9	3,113.8

Revenue Proportions of Vehicle and XR Related Products Increased Gradually

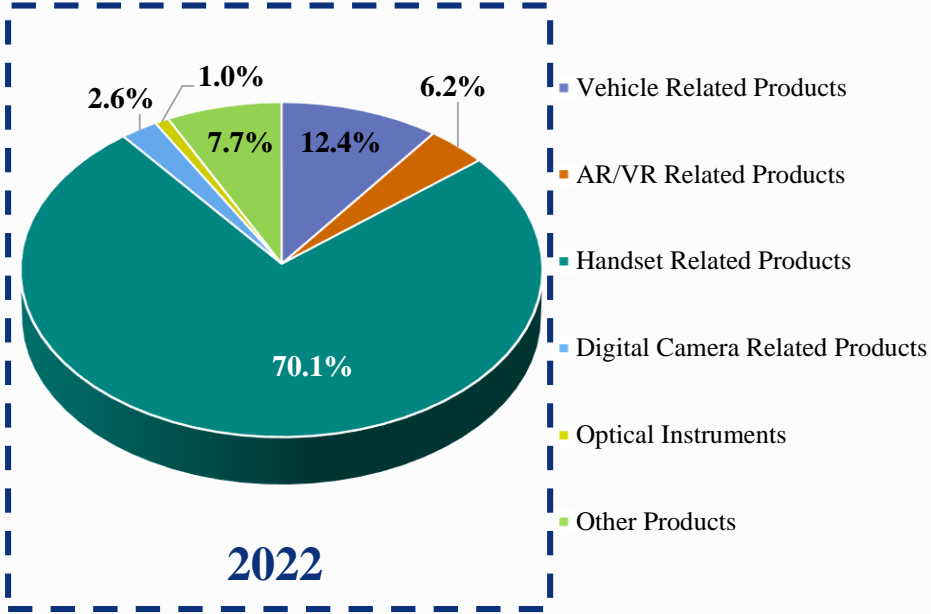
Revenue by Business Segments



2020



2021

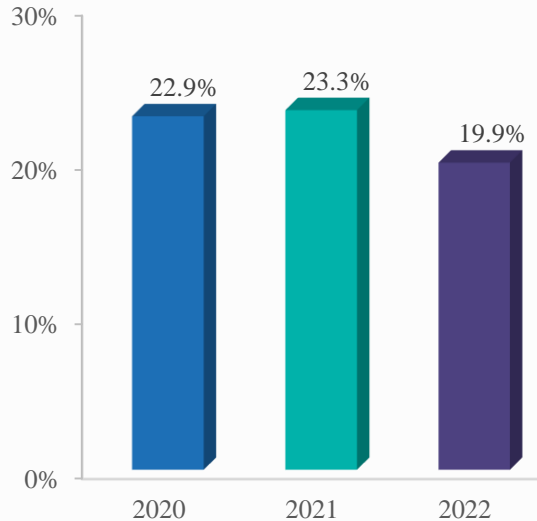


2022

For the year ended 31 December

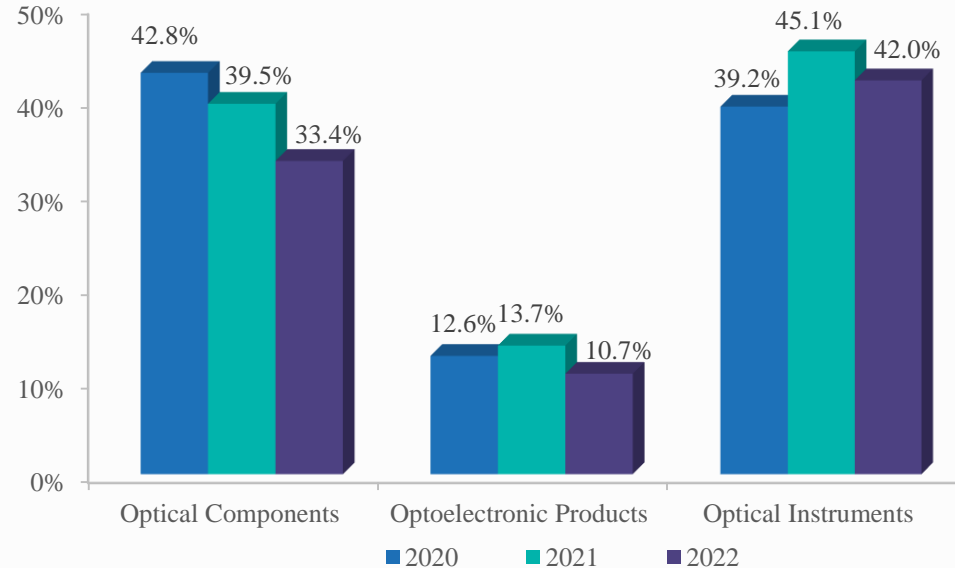
Gross Profit Margin under Pressure

Consolidated Gross Profit Margin



For the year ended 31 December

Gross Profit Margins by Business Segments



For the year ended 31 December



Operation Review



Continued to Make Breakthroughs in Technology Built Competitive Barriers

Optical Components



Vehicle Related

R&D Completed

- **17MP front-view lens sets**
used for L4 autonomous driving
- **2MP hybrid front-view ADAS lens sets**
road running certification and road running data collection on real vehicle carried out by hybrid ADAS lens sets for the first time
- **Micro lens array**

Mass Production Achieved

- **Polygonal rotating prisms**
first one in the world, and applied in LiDAR

Designated Project

- **High resolution headlamp with 1MP level**



Emerging Optics

R&D Completed

- **Hybrid see through lens sets with wide-angle**
interaction of reality and virtual scenarios

Mass Production Achieved

- **Binocular VR optical modules**
improved distortion and chromatism, optimized display effect



Smartphone Related

R&D Completed

- **Prism-centered periscope lens sets**
first one in the industry

Mass Production Achieved

- **Super tele-macro lens sets**
- **Ultra-aperture lens sets**
first one in the industry
- **Periscope lens sets with the industry's largest image size**
- **1-inch hybrid lens sets**
- **200MP ultra-thin lens sets**
- **160MP super definition main lens sets**
- **Ultra-thin main lens sets**
the thinnest in the industry, and applied to foldable phones

Cultivated Advantageous Businesses in Depth Carried out R&D Innovation Continuously

Optoelectronic Products



Vehicle Related

R&D Completed

- **A new generation of 8MP ADAS modules** using COB packaging technology
- **Active defogging modules**

Mass Production Achieved

- **All series of ADAS modules** including 1.7MP, 2MP and 8MP, and adapted to the platforms of Mobileye, NVIDIA and Horizon Robotics

Designated Projects

- **7 additional designated projects of 8MP ADAS modules**



Robotic Vision

Mass Production Achieved

- **See through high resolution modules** interaction of reality and virtual scenarios
- **Wide-angle linear ToF camera modules** achieve simultaneous mapping and obstacle avoidance in the field of sweeping robot for the first time
- **Linear structured light camera modules** applied in the field of sweeping robots
- **Modular camera based on ToF** achieve the application in obstacle avoidance in the field of service robot for the first time



Smartphone Related

R&D Completed

- **Prism-centered periscope modules** first one in the industry

Mass Production Achieved

- **Periscope modules with the industry's largest image size**
- **1-inch OIS modules** first one in the industry
- **160MP super definition main modules**
- **Ultra-thin main modules** the thinnest in the industry, and applied to foldable phones

Increased R&D Investment Broadened the Fields of Application

Optical Instruments



Intelligent Equipment

R&D Completed

- **Vehicle modules automatic production lines**
applied to various processes of vehicle modules, including automatic alignment and assembly of lens sets and chips, and the testing of semi-finished and finished vehicle modules, which was in the industry-leading position

Mass Production Achieved

- **Integrated production lines for the testing of handset lens sets**
industry-leading position in overall efficiency and process technology

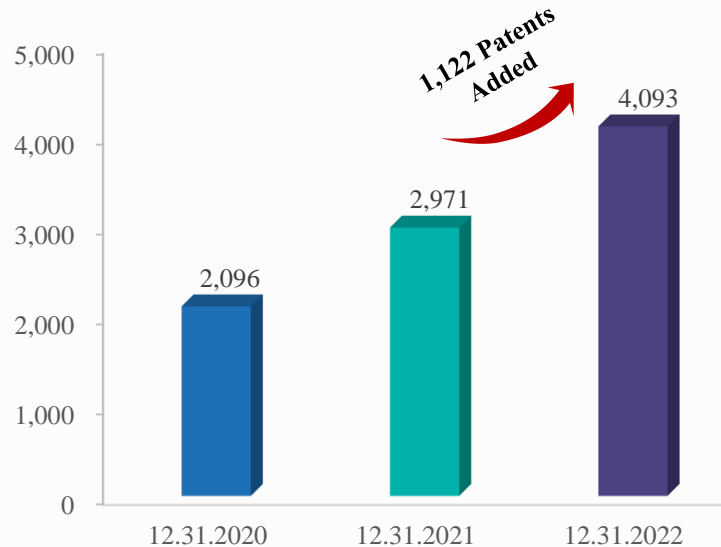


Microscope

- **Be capable of mass production of 45mm parfocal SAPO series 100X oil immersion objectives**
first one in China and can achieve high-resolution and high-precision imaging in the scientific research field

Focused on Patent Layout Built the Patent Barrier

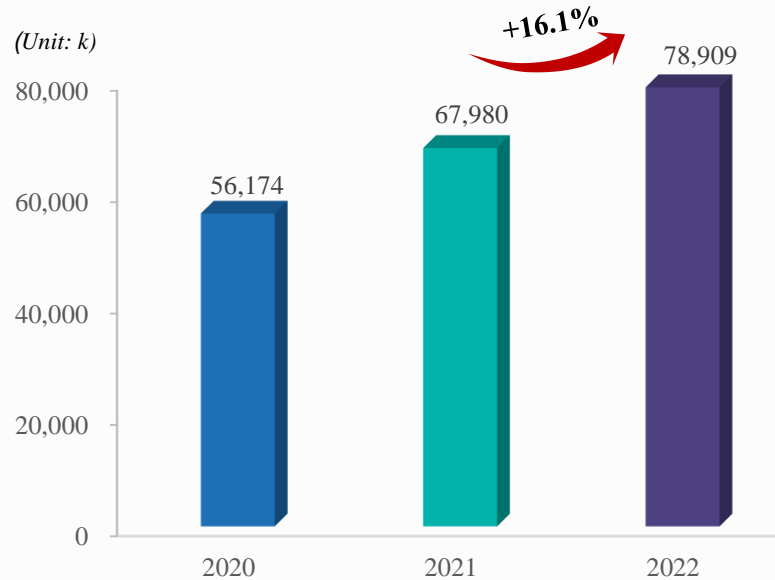
Number of Authorized Patents



- ◆ In the year of 2022, 1,122 new authorized patents were obtained, including 576 invention patents
- ◆ As at 31 December 2022, 3,991 patents are pending for approval, mainly related to the fields of vehicles, AR/VR, robots, handsets, etc.

Continued to Increase Global Market Share Consolidated the Leading Position in the Industry

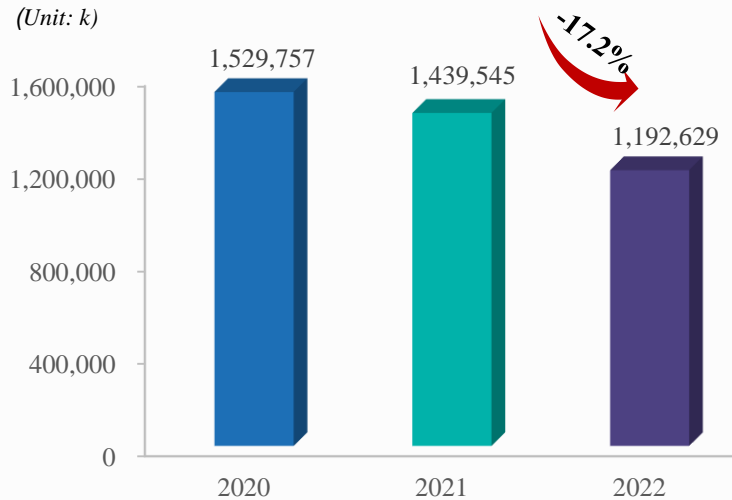
Shipment Volume of the Company's Vehicle Lens Sets



For the year ended 31 December

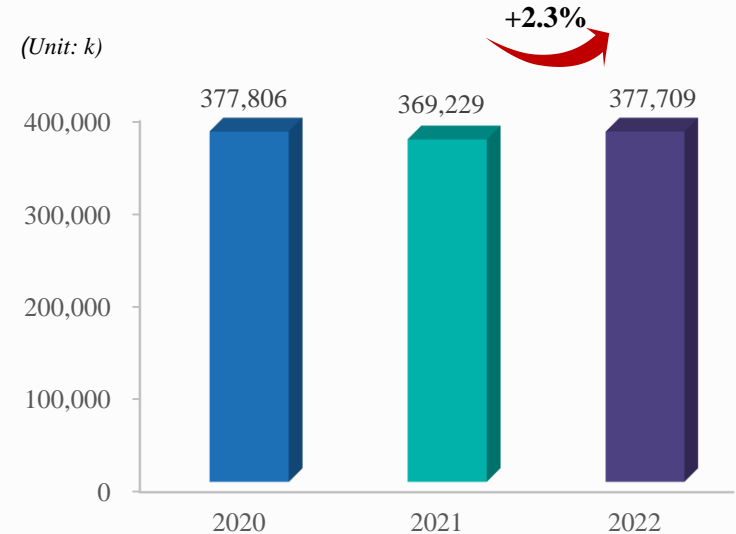
Ran Smoothly with the New International Customer Further Consolidated the Leading Advantages in the Industry

Shipment Volume of the Company's Handset Lens Sets



For the year ended 31 December

Shipment Volume of the Company's 6P and above Handset Lens Sets

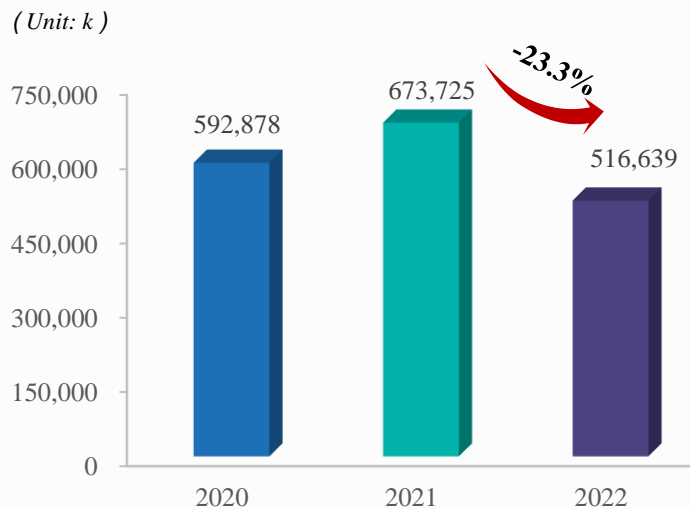


For the year ended 31 December

Consolidated Leading Position in the Industry

In-depth Cooperation with International Customers

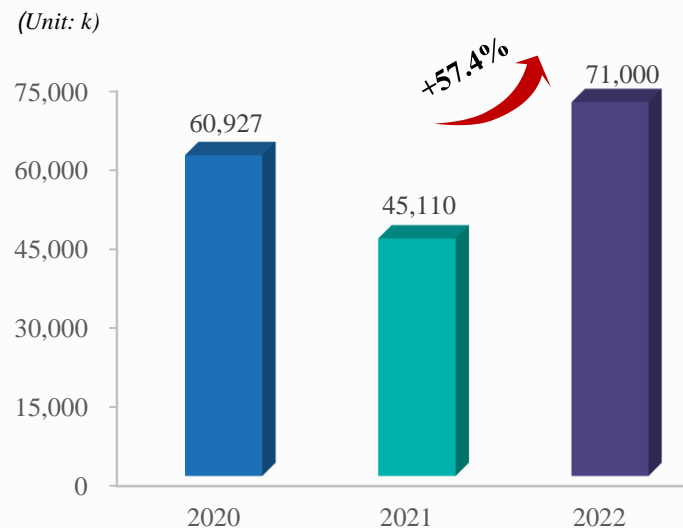
Shipment Volume of the Company's Handset Camera Modules



For the year ended 31 December

Total Shipment Volume of the Company's Periscope Modules and Large Image Size Modules

* Large image size modules refer to modules with 1/1.7" and above image size



For the year ended 31 December

Expanded Global Layout

Enhanced Large-scale and High-end Manufacturing Capabilities



Production Base



R&D Center



Yuyao Chengxi
Production Base



Yuyao Yangming
Production Base



Yuyao Lanjiang
Production Base



Awards and Recognitions

Sunny Automotive Optech was awarded

“Best Supplier Award” –*Ficosa International (Taicang) Co., Ltd.*

“2022 Yuyao Municipal People’s Government Quality Award”
--*Yuyao Municipal People’s Government*

Sunny SmartLead was awarded

“Quality Excellent Award” --*Li Auto*

“2022 Excellent Strategic Partner Award” --*NavInfo Co., Ltd.*

Sunny Optical Intelligence (Yuyao) was awarded

“2022 Zhejiang Provincial Green Low-Carbon Factory”
--*the Economic and Information Technology Department of Zhejiang Province*

Sunny Zhejiang Optics was awarded

“2021 Excellent Quality Award ” “ 2021 Best Innovation Award”
--*vivo Mobile Communication Co., Ltd.*

“Joint Technology Innovation Award” --*Honor Device Co., Ltd.*

“2021 Best Partner Award ” “ 2021 Best Quality Award”
--*QTech Microelectronics Co., Ltd.*

Sunny Xinyang Optics was awarded

“2021 Excellent Supplier Award”
--*Panasonic Avc Networks Xiamen Co., Ltd.*

Sunny Opotech was awarded

“2021 Best Innovation Award” --*vivo Mobile Communication Co., Ltd.*

“2021 Best Supplier Award” --*Xiaomi Communication Co., Ltd.*

“Best Innovation Award”
--*OPPO Guangdong Mobile Communication Co., Ltd.*

Sunny Optical Technology

“Best Investor Relations Award for Hong Kong Listed Company”
--*Securities Times*

“The Most Remarkable Investor Relations Recognition”
Hong Kong Index Constituents (Hang Seng Index) Category
--*Quam IR Awards 2021*

“2021 Hurun China 100 Most Sustainable Private Companies” List
Ranked 46th --*Hurun Research Institute*

“2022 Forbes China Sustainable Development Industrial Enterprises Top 50 Selection”
--*Forbes China*

“ESG Award” in “InnoESG Prize 2022” --*Society Next Foundation*

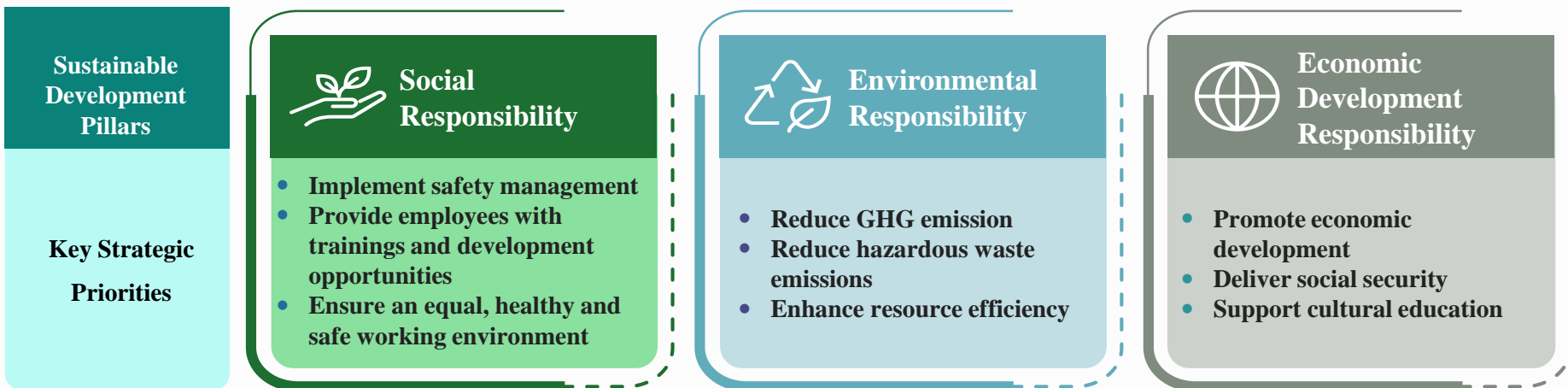


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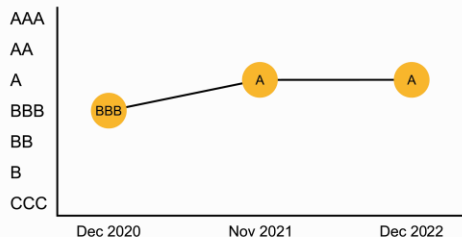
ESG Performance Review

Implemented ESG Strategies Led the Direction of Sustainable Development

- In response to China's "30•60" dual carbon goal, the Company has formulated a sustainable development strategy from the perspectives of social, environmental and economic development, promising to achieve carbon peak by 2028 and carbon neutrality by 2058



MSCI Rating Improvement



ESG Selected Indexes

FTSE4Good Index

Hang Seng ESG 50 Index

Hang Seng Corporate Sustainability Index

HSI Low Carbon Index



To achieve carbon peak

By 2028

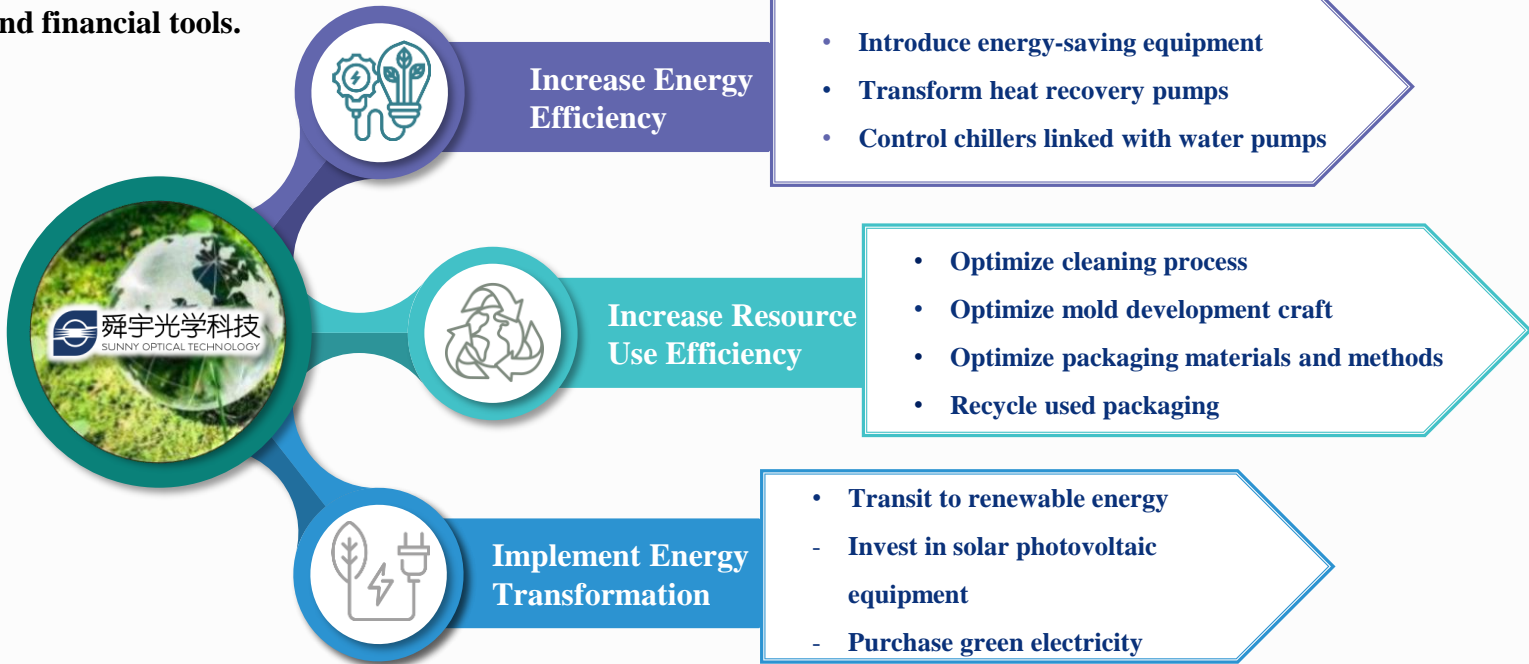


To achieve carbon neutrality

By 2058

Implemented Green Development for Environmental Protection

- Committed to reverse the rising trend of emission intensity, and set a carbon reduction target: 20% reduction of Scope 1 and 2 GHG emissions intensity in 2025 compared to that of 2021
- Issued 3.5-year sustainability-linked bond of USD400 million in compliance with Regulation S as the first for the technology manufacturing industry in Asia to enhance the ESG management level and set a market benchmark with the help of capital markets and financial tools.

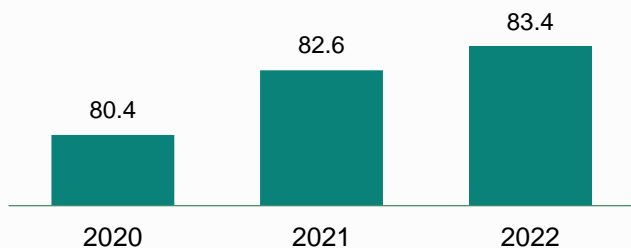


Shoulder Social Responsibility to Promote Harmony and Prosperity

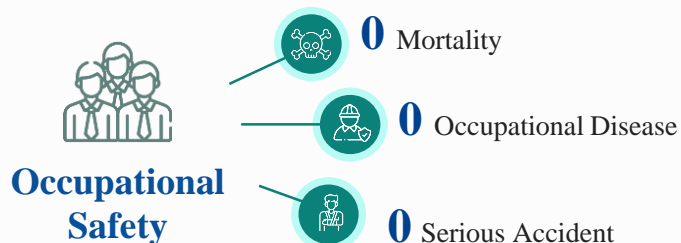
- The Company acknowledges the social impacts of its operations and contributes to the harmonious development of the society through comprehensive measures taken to deepen employee care, prioritize safe production, safeguard chemical security and strengthen supply chain management.

Employee Satisfaction Continues to Improve

Score (100-mark system)



Actively Safeguard Occupational Safety



Carry Out Social Responsibility in Daily Operational Management

- Integrate the concept of sustainable development into R&D strategy, and promote clean technology R&D actively
- Public disclosure of the “*Chemical Management Statement*” and “*Waste Management Statement*” on the Company’s website
- Strict control of hazardous substances
 - 100% of the used chemicals are identified
 - Through technological breakthroughs, replace identified raw materials containing restricted substances by more environmental-friendly materials
- Automated replacement of human labor to eliminate occupational hazards in some processes

Continuously Strive for a Sustainable Supply Chain

- Publicly disclose the statement of “*Supply Chain Management System*” on the Company’s website
- Suppliers are required to comply with the CSR Code of Conduct and convey the concept of sustainable development to their upstream suppliers
- Conduct annual risk assessments of suppliers and pay continuous attention to qualified suppliers
- Encourage suppliers to use environmental-friendly products or services
- Suppliers are trained on green substances at least once a year

Enhanced ESG Governance to Achieve Top-down Management

- The Company has established a three-level ESG governance structure including the Board, Audit Committee, and ESG Management and Promotion team, to conduct a top-down supervision of ESG matters. The Company has also integrated ESG governance into daily operations of each business unit.



Board

Audit Committee

ESG Management and
Promotion Team

Functional Departments of
Sunny Optical

Functional Departments of
Each Subsidiary

Diversity of the Board

- Adopt the “*Board Diversity Policy*”
- Reflect gender diversity
 - A female independent non-executive director was newly appointed to the Board
 - Audit Committee, Remuneration Committee and Nomination Committee added a female independent non-executive director as a member respectively
- Preliminary target and timetable have been set to enhance Board diversity

Risk Management

- Improve the risk management system
- Improve the risk management policy framework
- Integrate risk management into daily operations
- Incorporate risk management into performance appraisal and promote the sharing of benchmarking experience
- Digitalize risk management

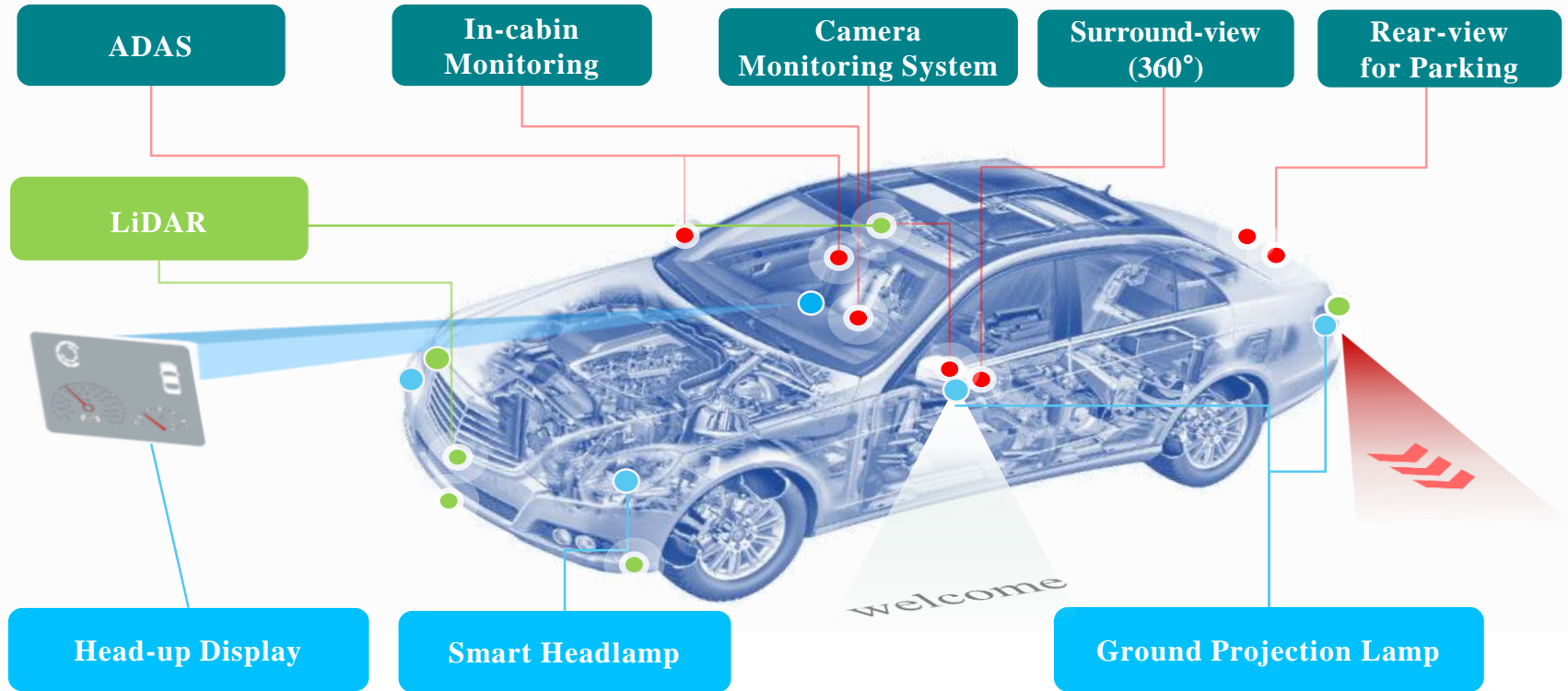
Business Ethics

- Disclose the integrity objectives and the “*Anti-Corruption System*”, “*Report Notices & Reward and Protection Measures*” on the Company's website
- Set up a corporate cultural group to construct an honesty and integrity culture and to supervise and evaluate cadres
- Set up reporting and complaint platforms on multiple channels, including telephone, email, WeChat public account, etc.
- Carry out a variety of trainings and promotional activities, covering all the board members, personnel in sensitive positions, line managers with management title and above, and members of functional departments of the Group



4 Strategy and Outlook

Rapid Progress in Autonomous Driving Huge Potential in Optical Applications



Specify the Strategic Position for Vehicle Optical Related Products

Develop Sustainable Growth Driving Force

Vehicle Camera Related Products

- The vehicle camera market will continue to improve in the next decade with the long-term development of ADAS and autonomous driving technology, and sensing market will become the main force for the growth of vehicle cameras
- Specifications continue to improve. For example, the pixel migrates to 10MP, and will continue to upgrade



Vehicle lens sets /modules

Strategic Positioning:

- Comprehensively cooperate with Tier 1, platform provider and vehicle terminal manufacturers to further increase global market shares

LiDAR Related Products

- 2022 was the first year of the boost of LiDAR. It is expected that mass production for the original market of LiDAR will boom going forward, and the market size of LiDAR will grow steadily in the next five years



Core optical components and assemblies

Strategic Positioning:

- Focus on design and processing of core optical components and assemblies
- OEM services for various solutions (mechanical, MEMS, 3D Flash, multilateral scanning) of LiDAR

Display Related Products

- The implementation of AR-HUD was further accelerated in 2022, and more and more self-owned brands will take AR-HUD as one of the main selling points of the smart cabin
- Headlamp is moving from simple lighting towards a new path of intelligence and pixelate with more abundant imaging content emerging as the intelligent automobile develops and it is expected the market demand for smart headlamp will continue to rise in the future



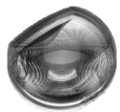
HUD / Smart headlamp related products

Strategic Positioning:

- Continue to accelerate R&D and marketing of diversified HUD products to maximize customers satisfaction
- Expand the product lines of ground projection and break through the cutting edge technology of headlamp for mass production and iteration to seize the market opportunity in advance

Broad XR Market Prospects Clear Business Opportunities

Display



Fresnel

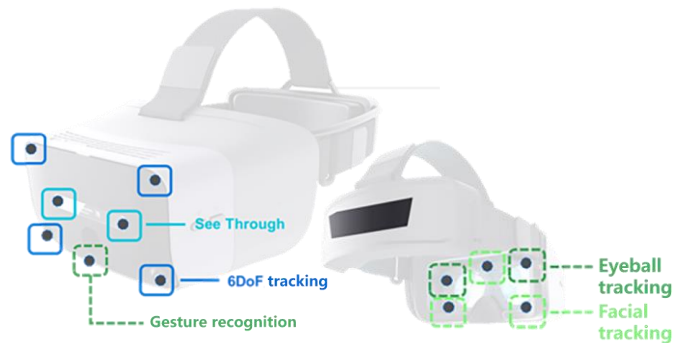


Pancake



AR waveguide

Perception and Interaction



Solutions

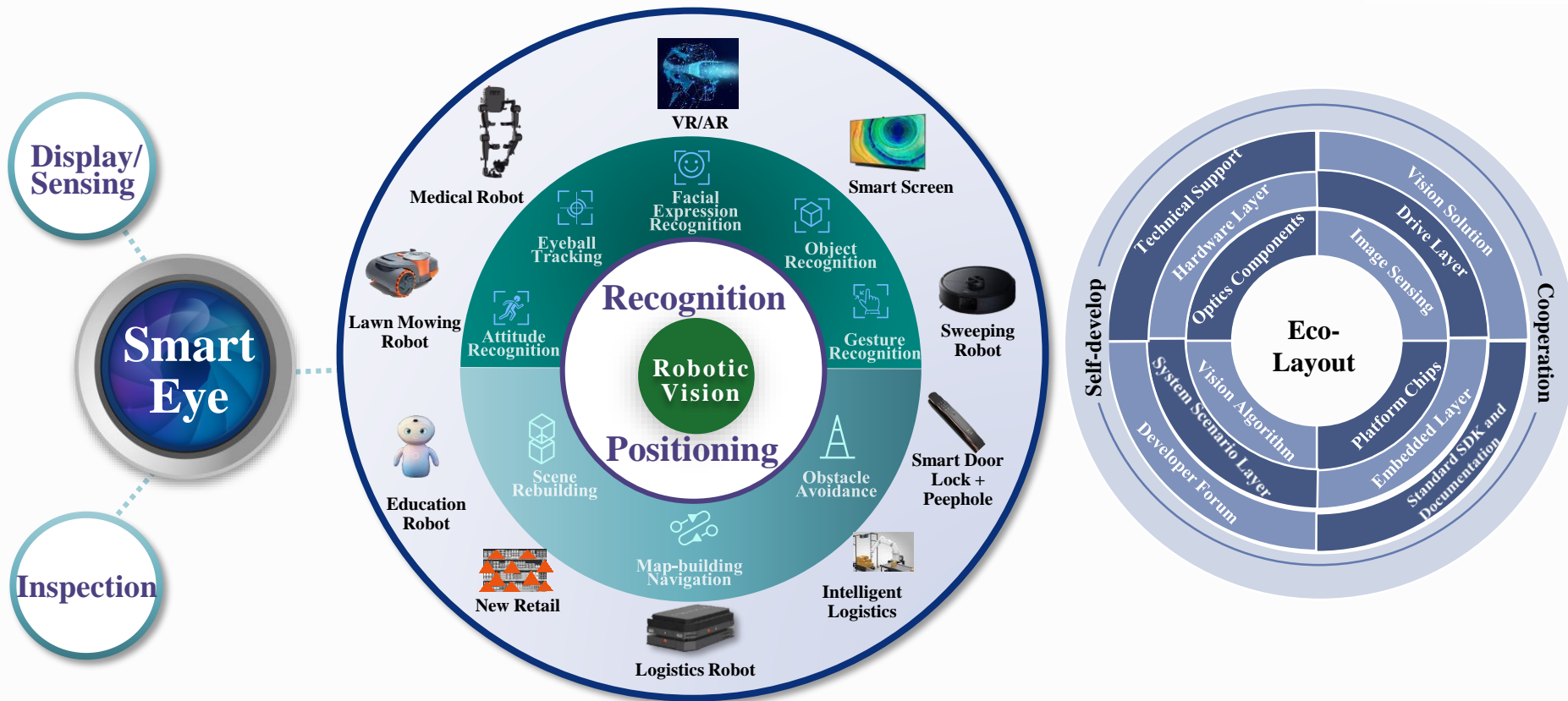


AR



VR

Grasp New Opportunities in Markets Take the Lead in the Industry



Specifications of Smartphone Camera Continue to Upgrade

- The trend of camera specification upgrade remains unchanged, and Module-Actuator-Lens Integration technology has become another breakthrough point of innovation.





Appendix



Milestones

1984

Established and engaged into the optical industry

1995

Extended the business into the field of image digitization

2003

Commenced production of handset camera modules

2004

- Enhanced R&D and production capability of handset lens sets
- Acquired plastic aspherical lens technology
- Entered into the field of vehicle lens sets

2007

Listed on the Main Board of the Hong Kong Stock Exchange

2012

Established subsidiaries in the U.S.A. and Republic of Korea

2013

- Successfully placed 97,000,000 new shares and raised net proceeds of approximately HKD770 million
- Achieved a series of Strategic Cooperation Agreements with Konica Minolta Optical (Shanghai) Co., Ltd.

2014

Carried out the strategic layout of 3D imaging business

2015

- Established Zhejiang Sunny Optical Intelligence Technology Co., Ltd.
- Established Zhejiang Sunny Smartlead Technologies Co., Ltd., entering into the field of vehicle modules

2016

Established Sunny Optical (Zhejiang) Research Institute Co., Ltd. in Hangzhou

2018

Issued USD600mm 5-year bonds

2019

- Established Sunny OmniLight Technology Co., Ltd.
- Established new production bases in India and Vietnam, producing handset camera modules and vehicle lens sets respectively
- Established a new subsidiary in Germany

2020

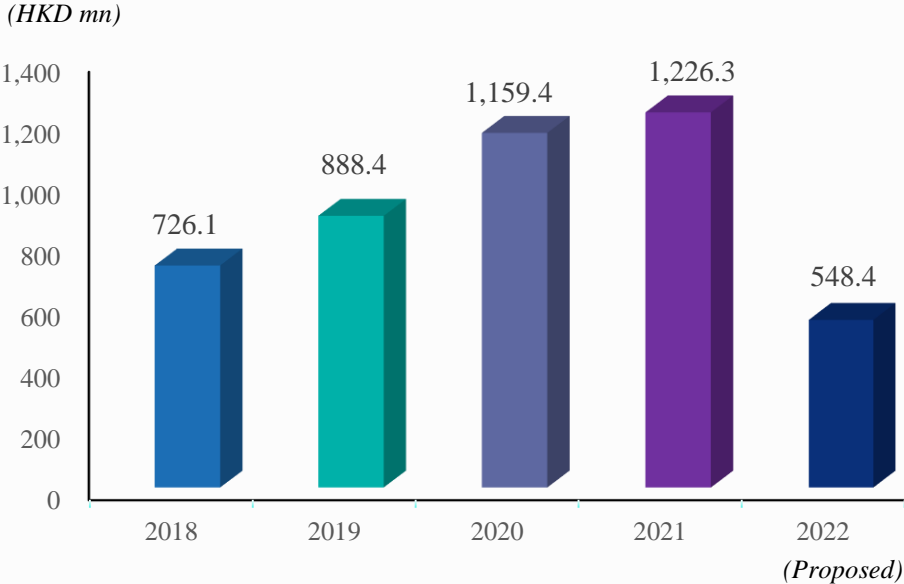
Established a new production base of handset camera modules in Vietnam

2023

Issued 3.5-year sustainability-linked bond of USD400 million in compliance with Regulation S

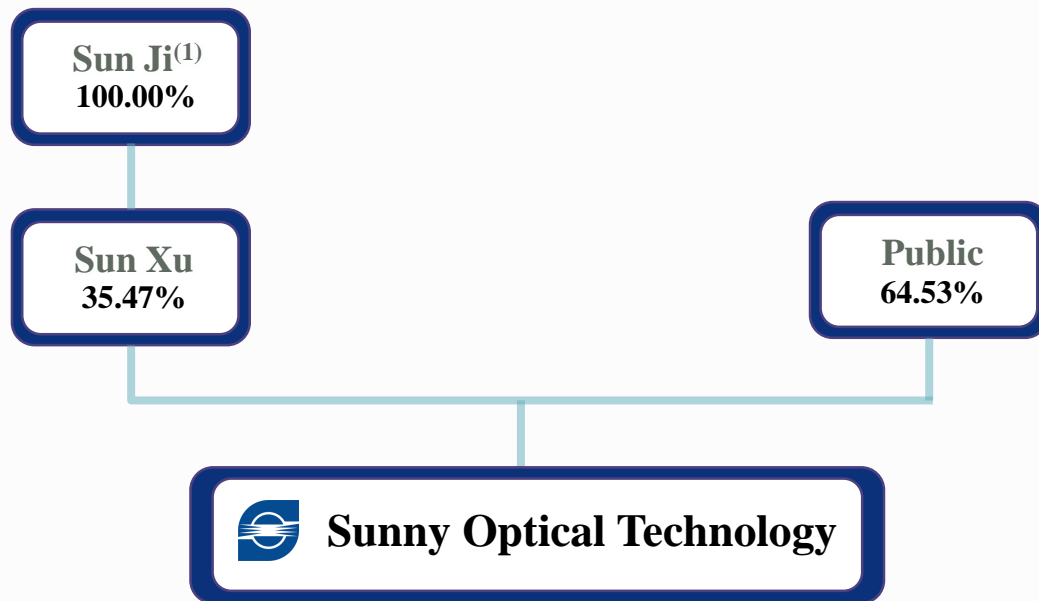
Dividend Payout

Dividends



For the year ended 31 December

Shareholding Structure



(1) 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 December 31, 2022

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