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)

(Stock Code: 2382.HK)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS HIGHLIGHTS

For the six months ended 30 June 2026, the Group's unaudited revenue was approximately Renminbi ("**RMB**") 21,905.7 million, representing an increase of approximately 11.5% as compared to the corresponding period of last year.

For the six months ended 30 June 2026, the Group's gross profit was approximately RMB4,268.7 million, representing an increase of approximately 9.6% as compared to the corresponding period of last year.

For the six months ended 30 June 2026, the Group's profit for the period attributable to owners of the Company was approximately RMB1,808.4 million, representing an increase of approximately 9.9% as compared to the corresponding period of last year.

FINANCIAL RESULTS

The board (the "**Board**") of directors (the "**Directors**", and each a "**Director**") of Sunny Optical Technology (Group) Company Limited (the "**Company**") presents the unaudited condensed consolidation interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026, together with the comparative figures for the corresponding period of the year 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		For the six months ended 30 June	
	NOTES	**2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**21,905,704**	19,651,919
Cost of sales		**(17,637,038)**	(15,757,471)
Gross profit		**4,268,666**	3,894,448
Other income	*4A*	**504,299**	518,369
Other gains and losses	*5*	**20,039**	20,122
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(16,928)**	(5,487)
Selling and distribution expenses		**(182,923)**	(184,244)
Research and development expenditure		**(1,650,726)**	(1,633,607)
Administrative expenses		**(571,078)**	(592,788)
Share of results of associates		**(5,426)**	92,251
Finance costs		**(163,699)**	(243,814)
Profit before tax		**2,202,224**	1,865,250
Income tax expense	*6*	**(252,234)**	(141,066)
Profit for the period	*7*	**1,949,990**	1,724,184
Other comprehensive (expense) income:			
Item that will not be reclassified subsequently to profit or loss:			
Fair value (losses) gains on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**"), net of income tax	*4B*	**(44,903)**	46,298
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(29,187)**	(42,544)
Other comprehensive (expense) income for the period		**(74,090)**	3,754
Total comprehensive income for the period		**1,875,900**	1,727,938

	NOTE	For the six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**1,808,364**	1,646,133
Non-controlling interests ("**NCI**")		**141,626**	78,051
		1,949,990	1,724,184
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,735,863**	1,648,740
Non-controlling interests		**140,037**	79,198
		1,875,900	1,727,938
Earnings per share			
– Basic *(RMB cents)*	*8*	**168.03**	151.56
– Diluted *(RMB cents)*	*8*	**167.66**	150.96

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2026

	NOTES	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10(a)*	**10,618,503**	9,817,671
Right-of-use assets	*10(b)*	**671,703**	656,961
Investment properties		**14,740**	16,957
Intangible assets		**37,045**	61,830
Interests in associates		**3,893,233**	3,866,428
Deferred tax assets	*11*	**189,861**	210,424
Deposits and prepayments paid for acquisition of property, plant and equipment and land use right	*12*	**309,456**	379,559
Derivative financial assets	*14*	**–**	27
Equity instruments at FVTOCI		**226,513**	127,041
Financial assets at fair value through profit or loss ("**FVTPL**")	*13*	**139,048**	16,189
Time deposits		**505,448**	1,696,302
Goodwill		**2,119**	2,119
		16,607,669	16,851,508
CURRENT ASSETS			
Inventories	*15*	**6,533,883**	7,179,714
Trade and other receivables and prepayments	*16*	**9,139,401**	10,012,673
Receivables at FVTOCI	*16A*	**710,059**	1,508,907
Derivative financial assets	*14*	**43,566**	3,580
Financial assets at FVTPL	*13*	**13,326,538**	11,407,427
Amounts due from related parties		**503,631**	550,727
Time deposits		**1,687,299**	2,154,406
Pledged bank deposits		**14,774**	71,801
Short term fixed deposits		**1,685,304**	1,972,079
Cash and cash equivalents		**3,499,067**	7,482,149
		37,143,522	42,343,463
Assets classified as held for sale		**–**	19,780
		37,143,522	42,363,243

	NOTES	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*18*	**16,373,753**	21,559,266
Amounts due to related parties		**39,715**	25,508
Derivative financial liabilities	*14*	**17,496**	33,977
Contract liabilities		**373,477**	300,072
Tax payable		**425,455**	416,393
Bank borrowings	*19*	**2,589,877**	1,769,969
Lease liabilities		**50,249**	51,457
Deferred income		**7,883**	2,600
Bonds payable	*20*	**2,797,993**	2,885,040
		22,675,898	27,044,282
NET CURRENT ASSETS		**14,467,624**	15,318,961
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,075,293**	32,170,469
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*11*	**827,644**	818,602
Derivative financial liabilities	*14*	**–**	3,287
Bank borrowings	*19*	**500,000**	1,405,760
Lease liabilities		**113,423**	131,873
Deferred income		**36,651**	46,621
		1,477,718	2,406,143
NET ASSETS		**29,597,575**	29,764,326
CAPITAL AND RESERVES			
Share capital	*21*	**104,967**	104,967
Reserves		**28,795,593**	29,043,621
Equity attributable to owners of the Company		**28,900,560**	29,148,588
Non-controlling interests		**697,015**	615,738
TOTAL EQUITY		**29,597,575**	29,764,326

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Act Chapter 22 (Law 3 of 1961 as consolidated and revised, formerly known as Companies Law) of the Cayman Islands and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 15 June 2007.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Directors have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRS") Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

Except for the Amendments to HKFRS 7 mentioned below, the application of the amendments to a HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts on application of Amendments to HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

Additional disclosure requirements

The Group has provided additional disclosures of investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI as required by the amended HKFRS 7. Such disclosures are set out in Note 4B.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker ("**CODM**"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered because the Board has chosen to organise the Group among different major products. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable segments under HKFRS 8 *Operating Segments* are handset products, vehicle products, extended reality ("**XR**") products and other products, which represent the major types of products sold by the Group.

In prior years, the Group had three reportable segments: (i) optical components; (ii) optoelectronic products; and (iii) optical instruments, based on the performance of different businesses reviewed by the CODM.

In 2025, the CODM reviewed the performance of products across different industries under the new reportable structure, and segment information has been updated to reflect this change. The management of the Group considers that this change in segment disclosure better reflects the Group's business strategies, development stages and financial performance of each business, and is more consistent with the Group's resource allocation. Revenue and costs of each segment have respectively classified into handset, vehicle, XR and others to align more precisely with the Group's business development and resource allocation.

Accordingly, the reportable segments have been reorganised. Prior year segment disclosures have been restated to conform to the current year's presentation. The comparative figures of segment disclosures for the period ended 30 June 2025 have been restated in order to conform with the current period's presentation format.

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Handset products	**13,148,628**	13,248,009
Vehicle products	**3,761,928**	3,400,448
XR products	**955,720**	860,643
Other products	**4,039,428**	2,142,819
	21,905,704	19,651,919
Segment Margin		
Handset products	**1,615,297**	1,899,622
Vehicle products	**1,138,644**	1,137,357
XR products	**124,503**	148,879
Other products	**1,390,222**	708,590
	4,268,666	3,894,448
Unallocated amounts:		
Other income	**504,299**	518,369
Other gains and losses	**20,039**	20,122
Impairment losses under ECL model, net of reversal	**(16,928)**	(5,487)
Selling and distribution expenses	**(182,923)**	(184,244)
Research and development expenditure	**(1,650,726)**	(1,633,607)
Administrative expenses	**(571,078)**	(592,788)
Share of results of associates	**(5,426)**	92,251
Finance costs	**(163,699)**	(243,814)
Profit before tax	**2,202,224**	1,865,250

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment margin represents the profit earned by each segment without allocation of other income, impairment losses under ECL model, net of reversal, selling and distribution expenses, other gains and losses, research and development expenditure, administrative expenses, share of results of associates and finance costs. This is the measure reported to the key operating decision makers for the purpose of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment margin are presented. Depreciation and amortisation charges related to assets employed by different segments are presented to the CODM for review.

Geographical information

The Group's operations are mainly located in China, Vietnam, Korea, Japan, India and the United States.

The Group's revenue from continuing operations from external customers is presented based on the domiciles of customers.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Geographical markets		
The People's Republic of China ("**PRC**" or "**China**")	**15,088,235**	14,123,914
Asia (except for China)	**3,876,407**	3,732,544
Europe	**1,305,588**	930,293
North America	**1,544,935**	768,862
Others	**90,539**	96,306
	21,905,704	19,651,919

4A. OTHER INCOME

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**129,913**	89,109
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances	**158,758**	142,012
Investment income from unlisted financial products at FVTPL	**121,296**	168,117
Interest income from small loan services	**2,692**	3,094
Income from sales of moulds and scrap materials	**22,567**	57,280
Others	**69,073**	58,757
	504,299	518,369

Note: The amounts represent unconditional subsidies related to research and development of technology projects and incentive subsidies. There are no unfulfilled conditions or contingencies relating to the above subsidies.

4B. FAIR VALUE LOSS ON INVESTMENTS IN EQUITY INSTRUMENTS AT FVTOCI

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fair value loss during the period arising from:		
– Investments in equity instruments held at the end of the period	**44,699**	N/A
Income tax relating to fair value loss during the period	**204**	N/A
Total losses on equity instruments at FVTOCI recognized in other comprehensive income	**44,903**	N/A

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange (loss) gain	**(126,126)**	28,020
Gain on disposal of property, plant and equipment	**33,782**	5,422
Gain (loss) on changes in fair value of derivative financial instruments	**59,727**	(24,045)
Gain on disposal of investment in an associate	**36,307**	–
Others	**16,349**	10,725
	20,039	20,122

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise income tax	**130,169**	92,455
Withholding tax expense	**279**	19,514
Other jurisdiction	**41,681**	28,905
Top-up tax under Pillar Two rules	**50,704**	10,489
	222,833	151,363
Deferred tax *(Note 11)*:		
Current period	**29,401**	(10,297)
	252,234	141,066

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules has become effective in certain countries in which the certain group entities are incorporated. The top-up tax relates to the Group's operation in applicable countries, where the annual effective income tax rates are estimated to be below 15 per cent. Therefore, a top-up tax is accrued in the current interim period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. The Group has recognised a current tax expense of RMB50,704,000 related to the Pillar Two Rules for the six months ended 30 June 2026 (corresponding period of 2025: RMB10,489,000) which is expected to be levied on relevant group entities.

The Group has applied the temporary mandatory exception for recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

7. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after crediting (charging) the following items:		
Depreciation of property, plant and equipment	**1,313,304**	1,174,648
Depreciation of investment properties	**2,217**	2,376
Depreciation of right-of-use assets	**32,776**	34,625
Amortisation of intangible assets	**24,785**	28,105
(Reversals of allowance) allowance for inventories (included in cost of sales)	**(21,399)**	44,928

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**1,808,364**	1,646,133

	For the six months ended 30 June	
	2026	2025
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**1,076,196**	1,086,161
Effect of dilutive potential ordinary shares – restricted shares	**2,423**	4,313
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,078,619**	1,090,474

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share has been calculated taking into account the shares held by the Group under share award scheme.

9. DIVIDENDS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
Final dividend paid in 2026 for 2025 of Hong Kong Dollar ("**HKD**") 120.60 cents per share (2025: HKD53.20 cents per share for 2024)	**1,131,317**	531,562

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2026 (corresponding period of 2025: RMB nil).

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

During the current interim period, the Group acquired manufacturing equipment and incurred construction costs for manufacturing plants of approximately RMB2,371,073,000 (corresponding period of 2025: RMB1,185,773,000) in order to upgrade its manufacturing capabilities and capacity expansion.

In addition, the Group disposed of certain plant and equipment with carrying amount of approximately RMB218,491,000 (corresponding period of 2025: RMB19,206,000) which resulted in a gain on disposal of approximately RMB33,782,000 (corresponding period of 2025: RMB5,422,000).

As at 30 June 2026, no property, plant and equipment of the Group were pledged to secure bank borrowings granted.

(b) Right-of-use assets

During the current interim period, the Group entered into several new lease agreements for the use of office and manufactory for fixed term of 2 to 3 years (corresponding period of 2025: 2 to 5 years). On the lease commencement date, the Group recognised right-of-use assets of RMB7,547,000 (corresponding period of 2025: RMB20,497,000) and lease liabilities of RMB7,443,000 (corresponding period of 2025: RMB20,408,000).

During the current interim period, leasehold land of RMB44,992,000 was recognised as right-of-use assets upon obtaining the land use right certificates (corresponding period of 2025: RMB nil).

As at 30 June 2026, no leasehold lands of the Group were pledged to secure bank borrowings granted.

11. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Deferred tax assets	**(189,861)**	(210,424)
Deferred tax liabilities	**827,644**	818,602
	637,783	608,178

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and preceding interim periods:

	Withholding tax on undistributed profit from the PRC	**Allowance for inventories and ECL provision**	**Deferred subsidy income**	**Accelerated depreciation**	**Accrued bonus**	**Right-of-use assets**	**Lease liabilities**	**Tax losses**	**Timing difference on gain on share swap transaction**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	98,062	(98,685)	(16,689)	903,768	(70,235)	33,192	(33,211)	(329,410)	–	49,807	536,599
Charge (Credit) to profit or loss	40,461	(14,366)	11,997	(61,182)	(12,517)	(11,334)	11,318	(55,918)	133,102	27,521	69,082
Credit to other comprehensive income	–	–	–	–	–	–	–	–	–	2,497	2,497
At 31 December 2025 (Audited)	138,523	(113,051)	(4,692)	842,586	(82,752)	21,858	(21,893)	(385,328)	133,102	79,825	608,178
Charge (credit) to profit or loss *(Note 6)*	22,578	824	1,703	145,676	17,550	(2,024)	2,096	(139,585)	–	(19,417)	29,401
Credit to other comprehensive income	–	–	–	–	–	–	–	–	–	204	204
At 30 June 2026 (Unaudited)	161,101	(112,227)	(2,989)	988,262	(65,202)	19,834	(19,797)	(524,913)	133,102	60,612	637,783

12. DEPOSITS AND PREPAYMENTS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHT

The deposits and prepayments are paid for construction of factory buildings, acquisition of lands, plants and equipment located in the PRC and other regions for the expansion of Group's production plants.

During the current interim period, the Group paid an amount of approximately RMB262,151,000 (corresponding period of 2025: RMB558,821,000) as the deposits and prepayments for acquisition of property, plant and equipment and transferred an amount of approximately RMB289,354,000 (corresponding period of 2025: RMB250,883,000) to property, plant and equipment and an amount of approximately RMB42,900,000 to land use right (corresponding period of 2025: RMB nil).

13. FINANCIAL ASSETS AT FVTPL

	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
Current assets		
Unlisted financial products *(Note a)*	**13,326,538**	11,407,427
Non-current assets		
Equity investments *(Note b)*	**16,189**	16,189
Investment in shares with preferential rights *(Note c)*	**122,859**	–

Notes:

a. Unlisted financial products

The Group entered into several contracts of unlisted financial products with banks, which are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for as financial assets at FVTPL on initial recognition in which the return on the unlisted financial products was determined by reference to the performance of the underlying investment assets and as at 30 June 2026, the expected return rates stated in the contracts range from 0.70% to 2.70% (31 December 2025: 0.70% to 3.26%) per annum.

b. Equity investments

The Group's equity investments in several partnership enterprises amounting to RMB16,189,000 (31 December 2025: RMB16,189,000) were classified as financial assets at FVTPL.

In the opinion of the Directors, the fair value change of the equity investments is insignificant in the current interim period.

c. Investment in shares with preferential rights

On 12 June 2026, Zhejiang Sunny Optics Co., Ltd., a wholly owned subsidiary of the Company, entered into a series of Subscription Agreement for subscription shares with preferential rights of 北京與光科技有限公司("**與光**") at a consideration of RMB93,830,000. The principal activity of 與光 is dedicated to cutting-edge photonic chips for photonic perception and computing. In assessing whether the Group's investment in shares with preferential rights of 與光 should be accounted for using equity method under *HKAS 28 Investments in Associates and Joint Ventures*, the Directors consider the key features of the shares which include redemption feature and these shares do not carry rights that are substantially the same as the 與光's ordinary shares and accordingly these shares with preferential rights are accounted for as financial instruments measured at FVTPL under HKFRS 9.

14. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

	Assets		Liabilities	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Foreign currency forward contracts	**17,620**	27	**–**	3,287
Foreign exchange swap contracts	**25,946**	3,580	**17,496**	33,977
	43,566	3,607	**17,496**	37,264

As at 30 June 2026, the notional amount of outstanding foreign currency forward contracts amounted to approximately HKD1,649,879,000 and RMB1,350,610,000 (31 December 2025: HKD1,649,879,000).

The notional amount of outstanding foreign exchange swap contracts amounted to approximately Japanese Yen ("**JPY**") 11,760,000,000 and RMB523,051,000 (31 December 2025: JPY 11,760,000,000, HKD896,237,000 and RMB2,508,574,000).

The Group entered the above contracts with banks in the PRC and Vietnam in order to manage the Group's foreign currency risk. All these foreign currency forward contracts and foreign exchange swap contracts are matured within one year.

15. INVENTORIES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Raw materials	**1,207,515**	1,195,043
Work in progress	**882,207**	347,909
Finished goods	**4,444,161**	5,636,762
	6,533,883	7,179,714

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade receivables	**8,381,272**	9,174,695
Less: allowance for ECL	**(120,461)**	(103,522)
	8,260,811	9,071,173
Loan receivables	**133,861**	176,382
Other receivables and prepayments:		
Value added tax and other tax receivables	**219,591**	274,720
Advance to suppliers	**177,131**	124,801
Prepaid expenses	**133,777**	81,223
Utilities deposits and prepayments	**82,056**	140,697
Advances to employees	**105,524**	111,698
Others	**26,650**	31,979
	744,729	765,118
	9,139,401	10,012,673

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on revenue recognition dates.

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 90 days	**7,667,320**	8,645,486
91 to 180 days	**516,708**	370,976
Over 180 days	**76,783**	54,711
	8,260,811	9,071,173

Movement in the allowance for expected credit losses:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Balance at the beginning of the reporting period	**103,522**	97,277
Changes due to financial assets recognised at:		
– Impairment losses reversed	**(9,908)**	(4,648)
– Write offs	**(402)**	(125)
New financial assets originated	**26,836**	10,876
Exchange realignment	**413**	142
Balance at end of the reporting period	**120,461**	103,522

16A. RECEIVABLES AT FVTOCI

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Receivables at FVTOCI comprise:		
Bill receivables *(Note)*	**710,059**	1,508,907

Note: The balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group has discounted certain bills receivables to banks or endorsed certain bills receivables to its suppliers to settle its payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings. As the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, it has derecognised these bills receivables.

The following table shows Group's bill receivables amounted to RMB20,446,000 (31 December 2025: RMB1,564,000) being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain the funding which the management considered that the Group has not transferred the significant risks and rewards relating to the bill receivables, it continues to recognise the full amount of bill receivables.

As at 30 June 2026

	Bills discounted to banks with full resources	**Bills endorsed to suppliers with full resources**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Carrying amount of transferred assets	**18,938**	**1,508**	**20,446**
Carrying amount of associated liabilities	**(18,938)**	**(1,508)**	**(20,446)**
Net position	**–**	**–**	**–**

As at 31 December 2025

	Bills discounted to banks with full resources	Bills endorsed to suppliers with full resources	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Carrying amount of transferred assets	–	1,564	1,564
Carrying amount of associated liabilities	–	(1,564)	(1,564)
Net position	–	–	–

The Group's receivables at FVTOCI were bill receivables with the following maturity:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**579,654**	1,225,463
91 to 180 days	**130,405**	283,444
	710,059	1,508,907

17. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES SUBJECT TO ECL MODEL

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with credit-impaired are assessed individually by the Group. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix with lifetime ECL (not credit impaired) as at 30 June 2026.

	Average loss rate	**Gross carrying amount**	**Impairment loss allowance**
		RMB'000	*RMB'000*
1 to 90 days	0.09%	7,674,357	7,037
91 to 120 days	0.92%	363,352	3,326
121 to 180 days	1.19%	158,562	1,880
More than 180 days	22.20%	98,698	21,915
		8,294,969	34,158

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 30 June 2026, the Group provided impairment allowance for trade receivables of RMB120,461,000 (31 December 2025: RMB103,522,000), among which RMB34,158,000 (31 December 2025: RMB14,458,000) was made based on the provision matrix with life time ECL (not credit-impaired) while RMB86,303,000 (31 December 2025: RMB89,064,000) was assessed individually on the credit-impaired debtors.

18. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date and note payables presented based on issue date at the end of the reporting period.

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Current liabilities		
Trade payables		
Within 90 days	**5,924,384**	7,332,035
91 to 180 days	**752,487**	1,191,724
Over 180 days	**25,323**	10,871
Accrued purchases	**974,933**	1,147,854
Total trade payables and accrued purchases	**7,677,127**	9,682,484
Note payables *(Note)*		
Within 90 days	**2,848,579**	2,235,494
91 to 180 days	**1,608,390**	3,308,203
Over 180 days	**959,217**	3,192,172
	5,416,186	8,735,869
Advance deposits from a customer	**137,679**	175,348
Payables for purchase of property, plant and equipment	**874,427**	276,237
Staff salaries and welfare payables	**1,357,675**	1,782,088
Labor outsourcing payables	**105,293**	133,666
Payables for acquisition of patents	**33,978**	35,695
Value added tax payables and other tax payables	**294,063**	221,310
Interest payables	**13,348**	3,443
Rental and utilities payables	**52,794**	56,709
Warranty provision	**7,228**	4,359
Others	**403,955**	452,058
	3,280,440	3,140,913
	16,373,753	21,559,266

Note: During the six months ended 30 June 2026 and 30 June 2025, certain of the Company's subsidiaries received bills from the other subsidiaries and discounted the certain bills to banks. The cash flows of such transactions have been presented in cash flow statement as financing activities.

The average credit period on purchases of goods is 180 days (31 December 2025:180 days) and the term for note payables is 90 days to 365 days (31 December 2025: 90 days to 365 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

19. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB1,088,864,000 (corresponding period of 2025: RMB4,505,372,000), and the proceeds were used to meet the working capital requirement. Repayments of bank borrowings amounting to approximately RMB1,059,469,000 (corresponding period of 2025: RMB3,960,874,000) were made in line with the relevant repayment terms.

As at 30 June 2026, the bank borrowings amounted to a total of RMB2,589,877,000 (31 December 2025: RMB1,769,969,000) were repayable within one year, and RMB500,000,000 (31 December 2025: RMB1,405,760,000) were repayable within a period of more than one year.

As at 30 June 2026, the bank borrowings amounting to approximately RMB2,559,877,000 (31 December 2025: RMB2,642,829,000) were denominated in USD. The Group's bank borrowings amounting to RMB1,210,409,000 carried fixed-rate of 2.15% to 3.05% per annum (31 December 2025: RMB1,235,780,000 with fixed-rate of 2.70% to 3.05% per annum) and RMB1,879,468,000 carried variable-rate of 3.43% to 4.83% per annum (31 December 2025: RMB1,939,949,000 with variable-rate of 3.43% to 4.83% per annum).

As at 30 June 2026, no bank borrowing was secured by any assets of the Group.

20. BONDS PAYABLE

On 9 January 2023, the Company issued unsecured sustainability-linked bonds in the amount of USD400 million at the rate of 5.95% per annum which will be due by year 2026 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been successfully completed on 17 January 2023 and the listing of the bonds in the Stock Exchange became effective on 18 January 2023.

The Company had fully used the net proceeds from the bonds for refinancing existing indebtedness.

During the current interim period, interest expense of approximately RMB84,332,000 (corresponding period of 2025: RMB87,904,000) was recognised in the profit or loss.

On 26 June 2026, the Company proposed to issue unsecured bonds in the amount of RMB2,700 million at the rate of 2.15% per annum to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance had been successfully completed on 7 July 2026 and the listing of the bonds in the Stock Exchange became effective on 8 July 2026.

21. SHARE CAPITAL

	Number of shares	Amount *HKD'000*	Equivalent to *RMB'000*
Authorised:			
Ordinary share of HKD0.10 each at 1 January 2025 (Audited), 30 June 2025 (Unaudited), 1 January 2026 (Audited) and 30 June 2026 (Unaudited)	100,000,000,000	10,000,000	
Issued & fully paid:			
Ordinary shares of HKD0.10 each at At 1 January 2025 (Audited), 30 June 2025 (Unaudited), 1 January 2026 (Audited) and 30 June 2026 (Unaudited)	1,094,804,800	109,481	104,967

During the six months ended 30 June 2026, the Company repurchased 15,840,000 of its own ordinary shares through the Stock Exchange with an aggregate consideration of HKD1,019,059,000 (including commission and other expense), equivalent to RMB915,200,000 (corresponding period of 2025: RMB nil). No shares (corresponding period of 2025: nil) were cancelled upon repurchase.

22. SHARE AWARD SCHEME

The fair value of the Company's restricted shares award was determined based on the market values of the Company's shares at the grant dates.

Movements in the number of restricted shares granted and related fair value are as follows:

	Weighted average fair value (per share) *HKD*	**Number of restricted shares** *('000)*
At 1 January 2025 (Audited)	62.961	9,444
Forfeited	58.211	(455)
Vested	62.585	(5,403)
Granted	74.421	1,204
At 31 December 2025 and 1 January 2026 (Audited)	66.718	4,790
Forfeited	52.408	(86)
Vested	44.279	(1,926)
Granted *(Note)*	59.400	405
As at 30 June 2026 (Unaudited)	79.756	3,183

Note:

The fair value of restricted shares granted is measured on the basis of an observable market price which was determined to be HKD59.40 per share at grant date.

The Group recognised the total expense of RMB74,218,000 for the period ended 30 June 2026 (30 June 2025: RMB129,816,000) in related to restricted shares granted by the Company.

23. COMMITMENTS

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**804,319**	556,432

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a global leading manufacturer of integrated optical products with large-scale and a globally competitive provider of intelligent optical system solutions (whole device). The Group is engaged in the design, research and development ("**R&D**"), production and sales of integrated optical products and intelligent optical system solutions (whole device). By deeply integrating cutting edge technologies such as optics, electronics, algorithms, software, mechanics, and artificial intelligence ("**AI**"), the Group empowers global clients to achieve innovative breakthroughs and value growth across application fields including smartphones, vehicles, XR, pan Internet of things ("**Pan-IoT**") and optical interconnection.

Save as disclosed in this announcement, there have been no material changes in the development or future development of the Group's business and financial position since the publication of the annual report of the Company for the year ended 31 December 2025.

IMPORTANT EVENTS AFFECTING THE GROUP WHICH HAVE OCCURRED SINCE 30 JUNE 2026

1. Issuance of RMB Denominated Bonds

References are made to the announcements of the Company dated 26 June 2026, 7 July 2026 and 8 July 2026 as well as the offering circular of the Company dated 29 June 2026. On 7 July 2026, the Company issued RMB2,700,000,000 bonds at the rate of 2.15% per annum, which will be due by year 2031. The listing of the bonds on the Stock Exchange became effective on 8 July 2026.

2. Resignation of the Vice President and Joint Company Secretary

Reference is made to the announcement of the Company dated 30 June 2026. With effect from 1 July 2026, Mr. Ma Jianfeng, has resigned as the vice president and joint company secretary of the Company in order to devote more time to his personal commitments.

BUSINESS REVIEW

For the six months ended 30 June 2026, the Group's business review shall be presented across the following four operating segments, namely (A) handset products; (B) vehicle products; (C) XR products; and (D) other products.

A. Handset Products

1. Handset Lens Sets

Against the backdrop of declining global smartphone shipments, competition in the smartphone market has further intensified in the AI, imaging, and slim foldable segments. In the first half of 2026, the Group accurately identified industry trends, actively embraced the rapidly iterative demands of terminal devices, adjusted its operational strategies, and achieved stable deliveries, further consolidating its industry leadership position. Among these, the Group's large-image size main cameras, telephoto periscope, and hybrid glass-plastic handset lens sets continued to gain favor of customers, firmly securing the position as the preferred imaging solution for flagship terminal models. At the same time, the Group capitalized on future trends in square front cameras, wide-angle optical image stabilization ("**OIS**"), and variable aperture upgrades, consistently maintaining its product leadership advantage. Furthermore, to balance imaging performance with slim and lightweight handset designs, hybrid glass-plastic handset lens sets have become a critical solution for main cameras and periscope cameras in high-end flagship models. The Group adopts innovative molding structures, significantly improving the molding utilization rates. Under comparable conditions, actual production capacity of aspherical glass lenses has increased more than tripled compared to conventional solutions, while the products' yield rates have been increased significantly, further reinforcing the advantages in scaled manufacturing.

Notably, in the first half of 2026, benefiting from the sustained recovery of large-scale offline events such as concerts and sports tournaments, the market for smartphone imaging extended lens sets experienced broad development opportunities. Leveraging the Group's forward-looking strategic positioning and leading optical R&D and manufacturing capabilities, the Group has achieved mass production of an ultra-lightweight 200mm focal-length extended lens sets and a 400mm focal-length extended lens sets that set a new industry record for teleconverter focal-length range, injecting new growth momentum into the handset business.

2. Handset Camera Modules

In the first half of 2026, the Group has been deeply committed to the development of high-end products of handset camera modules and integrated solutions, achieving mass production of industry-leading products with ultra-large image size as well as wide-angle OIS and high-precision products with ultra-large-aperture as well as equipped with multi-group periscope lens sets. The Group has also achieved mass production of high-difficulty main-camera modules with self-developed integrated actuators and periscope modules with self-developed integrated actuators. In addition, the Group continued to increase R&D investment in core foundational technologies, iteratively upgrading ultra-miniaturized molding packaging technology, ultra-high-precision optical assembly technology, and high-precision actuation technology. These efforts have further enhanced the overall competitive strength in the high-end products and expanded the technological leadership advantage of the Group.

B. Vehicle Products

References are made to the announcements of the Company dated 5 January 2026 and 27 January 2026. In order to promote the rapid development of the Company's vehicle products, the Company was considering seeking equity financing, by way of a separate listing and spin-off of Ningbo Sunny Smart Autotech Co., Ltd. (the "**Spin-off Company**"), a subsidiary of the Company. The Spin-off Company, through its joint sponsors, has submitted an application form (Form A1) to the Stock Exchange for approval of the listing and trading of H shares of the Spin-off Company on the Main Board of the Stock Exchange (the "**Proposed Spin–off**"). The Company considers the Proposed Spin-off to be commercially beneficial to the Company and the Spin-off Company and in the interests of the shareholders of the Company (the "**Shareholders**") as a whole. The Company will continue to keep Shareholders and investors updated on material developments regarding the spin-off and business performance of vehicle products through announcements to be issued from time to time.

C. XR Products

In the first half of 2026, the deep integration of AI technology with consumer-grade hardware propelled the smart glasses and augmented reality ("**AR**") glasses market into a new phase of rapid growth cycle, with multiple brands launching new products. The Group seized this market opportunity by maintaining deep strategic partnerships with globally renowned top-tier clients, further solidifying its industry leadership. The Group has established full-chain vertically integrated system-level capabilities in XR, spanning "fundamental optical components + diverse optical modules/ optical engines + software-hardware integrated systems", further reinforcing the leading position in the industry. The XR fundamental optical component product portfolio continues to be expanded and iterated, with core products evolving toward miniaturization and integration: the prism product line has been extended from single polarization beam splitter ("**PBS**") prisms to color-combining prisms (X-cube) and optical-power prisms, so as to accommodate two major XR display technology paths, namely micro light-emitting diode ("**Micro-LED**") and liquid crystal on silicon ("**LCoS**"). Furthermore, leveraging industry-leading miniaturized packaging technologies, the Group has achieved technical breakthroughs in both performance and form-factor dimensions for optical engine products, while accelerating mass production progress. At the same time, backed by advanced assembly and testing processes, the Group's ultra-thin full-color AR display modules have achieved small-volume production, consistently advancing the commercialization of AR glasses toward consumer-grade adoption.

D. Other Products

In the first half of 2026, benefiting from the dual drivers of continued AI technology upgrades and scenario deployment, other products with Pan-IoT products as the primary revenue contribution experienced rapid growth. The Pan-IoT products mainly include: 1. robotics products; 2. intelligent imaging products; and 3. optical instrument products.

1. Robotics Products

Leveraging its capabilities in navigation, obstacle avoidance and visual recognition modules, and embedded system development, combined with its technological accumulation and continuous innovation in the integration of visual perception and AI, and by further expanding its advantages in vertical integration and scaled manufacturing, the Group continues to deepen its presence in the robotics business. In the first half of 2026, the Group's projects of robot lawn mowers and warehouse automation robotics have achieved mass production, receiving positive appreciation from key customers, and the Group has obtained multiple new projects of whole devices and system solutions. At the same time, the Group is actively expanding into new smart hardware markets, building end-to-end development and manufacturing capabilities from core modules to whole devices, thereby establishing a systematic foundation for future growth.

2. Intelligent Imaging Products

Leveraging rapid response capabilities, intelligent manufacturing systems, and advantages in scaled delivery, the Group has established close partnerships with multiple strategic clients of intelligent imaging devices, penetrating into their new product matrices. In the first half of 2026, the Group has achieved stable delivery of lens sets and modules for handheld imaging devices, with shipment volumes growing significantly as compared to the corresponding period of last year. Concurrently, the Group continues to drive technological iteration in areas such as autofocus, variable aperture, low flare, miniaturization and low power consumption, further strengthening product competitiveness and enhancing customer retention.

3. Optical Instrument Products

The Group's high-end microscopic instruments have been developing rapidly. Among them, AI medical microscopy products have achieved breakthroughs in intelligent medical scenarios such as pathological testing and genetic diagnosis, with orders growing substantially. The high-end three dimensional ("**3D**") ultra-depth-of-field microscopes and laser confocal microscopes have been developed into product series, covering industrial, scientific research, and educational markets. In addition, the Group has made significant breakthroughs in leading industry customers in terms of semiconductor wafer defect inspection equipment and has achieved horizontal business expansion into the glass wafer industry.

OUTLOOK AND FUTURE STRATEGIES

Looking forward, new technological breakthroughs and emerging application scenarios are reshaping the competitive landscape of the optics industry. The accelerating penetration of AI has evolved from an enabling tool into a fundamental driving force, as optoelectronic technologies achieve unprecedented cross-disciplinary integration with AI, new materials, biological perception and other fields. As the critical gateway for capturing physical world information, optics continues to see its strategic value rise steadily. With AI empowerment, the Group will further leverage its optical systems to acquire and simulate vast amounts of data, accelerate intelligent iteration across materials simulation, optical design, process control, and other stages, thereby continuously improving production efficiency. At the same time, the Group will dynamically adjust the flexible responsiveness based on customer needs, enabling agile delivery and value co-creation. Moreover, the Group is fully aware that long-term competitiveness stems not only from refining existing businesses but also from forward-looking positioning in future growth areas. Therefore, through more open ecosystem partnerships and a more determined R&D deployment, the Group is poised to seize the historic opportunities arising from the convergence of AI and optical technologies, so as to deliver sustainable, long-term value to the customers, the industry and the Shareholders.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2026, the Group's revenue was approximately RMB21,905.7 million, representing an increase of approximately 11.5% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in revenues of vehicle products, XR products and other products.

For the six months ended 30 June 2026, revenue generated from the handset products was approximately RMB13,148.6 million, representing a decrease of approximately 0.8% as compared to the corresponding period of last year. The slight decrease in revenue was mainly attributable to a lower shipment volume of the Group's handset camera modules compared to the corresponding period of last year due to the decrease in the shipment volume of global smartphones, but it was largely offset by an increase in the average selling price, which benefited from an increased contribution from high-end products.

For the six months ended 30 June 2026, revenue generated from the vehicle products was approximately RMB3,762.0 million, representing an increase of approximately 10.6% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in revenues in vehicle camera products and other vehicle optical products.

For the six months ended 30 June 2026, revenue generated from the XR products was approximately RMB955.7 million, representing an increase of approximately 11.0% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the increase in revenues of smart glasses and AR glasses related products.

For the six months ended 30 June 2026, revenue generated from the other products was approximately RMB4,039.4 million, representing an increase of approximately 88.5% as compared to the corresponding period of last year. The increase in revenue was mainly attributable to the significant increase in revenues of robotics, intelligent imaging and other Pan-IoT related products.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 June 2026 was approximately RMB4,268.7 million, representing an increase of approximately 9.6% as compared to the corresponding period of last year. The increase in gross profit was mainly attributable to the increase in gross profit of other products.

For the six months ended 30 June 2026, the gross profit margin of the Group was approximately 19.5% (corresponding period of last year: approximately 19.8%). The gross profit margins of handset products, vehicle products, XR products and other products were approximately 12.3%, 30.3%, 13.0% and 34.4%, respectively (corresponding period of last year: approximately 14.3%, 33.4%, 17.3% and 33.1%, respectively).

Selling and Distribution Expenses

The selling and distribution expenses of the Group for the six months ended 30 June 2026 were approximately RMB182.9 million, representing a decrease of approximately 0.7% as compared to the corresponding period of last year. There was no significant change in the absolute amounts and no particular attribution.

R&D Expenditure

The R&D expenditure of the Group for the six months ended 30 June 2026 was approximately RMB1,650.7 million, representing an increase of approximately 1.0% as compared to the corresponding period of last year. There was no significant change in the absolute amounts and no particular attribution.

Administrative Expenses

The administrative expenses of the Group for the six months ended 30 June 2026 were approximately RMB571.1 million, representing a decrease of approximately 3.7% as compared to the corresponding period of last year. The decrease in absolute amount was mainly attributable to the strengthened control of the administrative expenses by the Group.

Income Tax Expense

The income tax expense of the Group for the six months ended 30 June 2026 was approximately RMB252.2 million, representing an increase of approximately 78.8% as compared to the corresponding period of last year. The increase in income tax expense was mainly attributable to the increase in the profit before tax. The Group's effective tax rate was approximately 11.5%, as compared to approximately 7.6% for the corresponding period of last year. For details related to the income tax expense, please refer to Note 6 to the condensed consolidated financial statements in this announcement.

Net Profit and Net Profit Margin

The net profit of the Group for the six months ended 30 June 2026 was approximately RMB1,950.0 million, representing an increase of approximately 13.1% as compared to the corresponding period of last year. The increase in net profit was mainly attributable to the increase in the gross profit. The net profit margin was approximately 8.9%, as compared to approximately 8.8% for the corresponding period of last year.

Profit for the Period Attributable to Owners of the Company and Basic Earnings per Share

The profit for the period attributable to owners of the Company for the six months ended 30 June 2026 was approximately RMB1,808.4 million, representing an increase of approximately 9.9% as compared to the corresponding period of last year. The increase in absolute amount was mainly attributable to the increase in gross profit.

The basic earnings per share of the Company (the "**Share(s)**") for the six months ended 30 June 2026 was approximately RMB168.0 cents, representing an increase of approximately 10.9% as compared to the corresponding period of last year.

Interim Dividend

The Company has paid the dividend for the year ended 31 December 2025 in June 2026, which was HKD120.60 cents per Share, representing the dividend payout ratio was approximately 25.0% of the profit for the year attributable to owners of the Company.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (corresponding period of last year: nil).

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flows

The table below summarises the Group's cash flows for the six months ended 30 June 2026 and 30 June 2025:

	For the six months ended 30 June	
	2026	2025
	RMB million	*RMB million*
Net cash from operating activities	**3,426.1**	2,356.4
Net cash (used in) from investing activities	**(1,425.0)**	1,424.4
Net cash (used in) from financing activities	**(5,894.3)**	121.8

The Group derives its working capital mainly from cash on hand and net cash generated from operating activities. The Board expects that the Group will rely on net cash generated from operating activities, bank borrowings and debt financing in the short run to meet its working capital and other needs. In the long run, the Group will be mainly funded by net cash from operating activities and, if necessary, by additional bank borrowings, debt financing or equity financing. There were no material changes in the funding and treasury policy of the Group for the six months ended 30 June 2026.

As at 30 June 2026, the Group had current assets of approximately RMB37,143.5 million (31 December 2025: approximately RMB42,363.2 million); and current liabilities of approximately RMB22,675.9 million (31 December 2025: approximately RMB27,044.3 million). The Group's current ratio was approximately 1.6 times (31 December 2025: approximately 1.6 times). The Group's total assets as at 30 June 2026 were approximately RMB53,751.2 million, representing a decrease of approximately 9.2% as compared to that as at 31 December 2025.

As at 30 June 2026, the Group's cash and cash equivalents were approximately RMB3,499.1 million (31 December 2025: approximately RMB7,482.1 million). The cash and cash equivalents were mainly denominated in RMB and United States dollar ("**USD**").

Capital Expenditure

For the six months ended 30 June 2026, the Group's capital expenditure amounted to approximately RMB1,636.9 million, which was mainly used for the purchases of property, plant and equipment. All of the capital expenditure was financed by internal resources.

CAPITAL STRUCTURE

Indebtedness

Bank borrowings

Bank borrowings of the Group as at 30 June 2026 amounted to approximately RMB3,089.9 million (31 December 2025: approximately RMB3,175.7 million). As at 30 June 2026, the bank borrowings were denominated in RMB and USD.

No bank borrowings were secured by certain buildings and land of the Group as at 30 June 2026.

Details of the bank borrowings are set out in Note 19 to the condensed consolidated financial statements of this announcement.

Banking facilities

Banking facilities have been put in place for contingency purposes by the Group with certain banks in certain countries and regions. As at 30 June 2026, the Group's total banking facilities amounted to RMB33,745.0 million and USD535.0 million and Indian Rupee 4,500.0 million respectively (31 December 2025: RMB35,719.0 million, USD545.0 million, Indian Rupee 3,000.0 million and Vietnamese Dong 280,000.0 million respectively).

Debt securities

As at 30 June 2026, debt securities of the Group amounted to approximately RMB2,798.0 million (31 December 2025: approximately RMB2,885.0 million).

Gearing Ratio

As at 30 June 2026, the Group's gearing ratio was approximately 11.0% (31 December 2025: approximately 10.2%), which refers to the ratio of total borrowings to total capital (total capital being the sum of total liabilities and shareholders' equity), reflecting the Group's sound financial position.

Contingent liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities or guarantees.

Financing and funding and treasury policies and objectives

The Group adopts prudent financing and funding and treasury policies. The Group will seek bank borrowings, debt financing or equity financing when its operating demand grows, and will regularly review its bank borrowings and debt securities to achieve a sound financial position.

PLEDGE OF ASSETS

The Group did not have any pledge or charge on assets as at 30 June 2026, except for the pledged bank deposits of approximately RMB14.8 million (31 December 2025: approximately RMB71.8 million).

COMMITMENTS

As at 30 June 2026, the capital expenditure of the Group in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements amounted to approximately RMB804.3 million (31 December 2025: approximately RMB556.4 million).

As at 30 June 2026, the Group had no other capital commitments save as disclosed above.

OFF-BALANCE SHEET TRANSACTIONS

As at 30 June 2026, the Group did not enter into any material off-balance sheet transactions.

PERFORMANCE OF INVESTMENTS MADE AND FUTURE INVESTMENTS PLAN

The Group's investing activities primarily include the purchase and redemption of unlisted financial products, release of time deposits and purchase of property, plant and equipment. Among them, unlisted financial products are managed by relevant banks in China, mainly investing in certain financial assets such as bonds, trusts and cash funds, and their investment incomes are determined based on the performance of the underlying debt instruments and treasury notes.

Investments Held

Significant Investments

For the six month ended 30 June 2026, the significant investments held by the Group were set out as below.

1. *Investment in Ant Consumer Finance*

   Zhejiang Sunny Optics Co., Ltd. ("**Sunny Zhejiang Optics**"), a wholly-owned subsidiary of the Company, through the relevant subscription, held 6% equity interests of Chongqing Ant Consumer Finance Co., Ltd. (the "**Ant Consumer Finance**"). The relevant aggregate investment cost of RMB1,380.0 million represented approximately 2.6% the Company's total assets as at 30 June 2026. To the best knowledge of the Board, after reviewing the unaudited management accounts of Ant Consumer Finance as at 30 June 2026, no fair value or impairment regarding this investment case was issued or noted by the Board. Based on the information available to the Company immediately preceding the publication of this announcement, the performance of this investment was positive for the six month ended 30 June 2026. The Board considered this investment to be a long-term investment, which may bring relatively better financial returns to the Group.

2. *Investment in Goertek Optical*

   Prior to the reporting period, the Group executed a share swap and subscription (the "**Share Swap and Subscription**"). This transaction involved transferring a subsidiary's entire equity interests in exchange for shares in Goertek Optical Technology Co., Ltd. ("**Goertek Optical**"), alongside a further equity subscription. Consequently, Sunny OmniLight Technology Co., Ltd. ("**Ningbo OmniLight**") secured approximately 31.31% equity interests, positioning itself as the second largest owner of Goertek Optical.

To the best knowledge of the Board, after reviewing the unaudited management accounts of Goertek Optical as at 30 June 2026, no fair value impairment regarding this investment case was noted by the Board. The Board considers that the Share Swap and the Subscription complement advantages between the Group and Goertek Optical, and significantly enhance Goertek Optical's core competitiveness in sectors such as optical waveguide and other wafer-level micro-nano optics devices particularly for uses in AI and AR products. As such, the Board is of the view that the Share Swap and Subscription are in the best interests of the Group and the Shareholders as a whole.

Reference is made to the announcement of the Company dated 25 June 2026. During the reporting period, on 18 June 2026, the Board resolved that Ningbo OmniLight and Goertek Inc. ("**Goertek**"), as subscribers, and Goertek Optical would enter into a subscription agreement (the "**Subscription Agreement**"), pursuant to which Ningbo OmniLight and Goertek would agree to subscribe for the new registered capital of Goertek Optical of approximately RMB109.76 million and approximately RMB109.76 million, respectively, by way of capital injection into Goertek Optical in the respective sums of RMB500.0 million and RMB500.0 million (the "**Further Subscription**"). Upon the completion of the Further Subscription, Ningbo OmniLight will hold approximately 33.27% equity interests in Goertek Optical as enlarged by the Further Subscription and will still be the second largest equity owner of Goertek Optical. On 31 July 2026, all the conditions precedent under the Subscription Agreement have been fulfilled and the completion of the Subscription Agreement took place on the same day.

Pursuant to Rule 14.22 of the Listing Rules, a series of transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. When the Share Swap and Subscription, and Further Subscription are aggregated, none of the applicable percentage ratios (as defined in the Listing Rules) exceed 5%. As such, the Share Swap and Subscription, and Further Subscription do not, in aggregate, constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Goertek Optical and its respective ultimate beneficial owners are independent of the Company and connected persons of the Company (as defined in the Listing Rules). Accordingly, the transactions contemplated under the Subscription Agreement do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Important Investment

As at 30 June 2026, the Group maintained a portfolio of unlisted financial products with the total carrying amount of approximately RMB13,326.5 million (31 December 2025: approximately RMB11,407.4 million), of which approximately RMB3,871.6 million has been released on or before the latest practicable date (i.e. 20 August 2026) before the publication date of this announcement.

As at 30 June 2026, the fair value of the unlisted financial products subscribed by the Group in aggregate represented approximately 24.8% of the Group's total assets (31 December 2025: approximately 19.3%).

As at 30 June 2026, the investment costs for the unlisted financial products subscribed were approximately RMB13,124.0 million (31 December 2025: approximately RMB11,159.3 million).

For the six months ended 30 June 2026, the amount of investment income from the unlisted financial products at FVTPL was approximately RMB121.3 million (corresponding period of last year: approximately RMB168.1 million).

The following table sets out the breakdown of the major unlisted financial products subscribed by the Group as at 30 June 2026 (in descending order):

Name of the unlisted financial products*	**Name of banks**	**Investment costs** *RMB'000*	**Fair value of the unlisted financial products as at 30 June 2026** *RMB'000*	**Percentage of fair value of the unlisted financial products relative to the total assets of the Group as at 30 June**
Agricultural Bank wealth management Nong Yin Tong Xin • daily return preferred allocation wealth product (corporate low volatility premium enjoyment)	Agricultural Bank of China Limited	1,337,000	1,337,392	2.5%
Agricultural Bank wealth management Nong Yin Tong Xin • Ling Dong ninety-day preferred allocation RMB wealth product (corporate premium enjoyment)	Agricultural Bank of China Limited	600,000	603,741	1.1%
"Hui Li Feng"2026 5838th customized RMB structured deposit products for corporates	Agricultural Bank of China Limited	600,000	600,000	1.1%
Bank of Ningbo wealth management Ning Xin fixed-income category one-year open-ended wealth management No. 26-E share	Bank of Ningbo Co., Ltd.	500,000	522,153	1.0%
Bank of Ningbo wealth management Jing Yao fixed-income category one-year open-ended wealth management No. 5-E share	Bank of Ningbo Co., Ltd.	400,000	411,685	0.8%
Agricultural Bank wealth management Nong Yin Jiang Xin • Ling Dong sixty-day RMB wealth products (corporate enjoyment)	Agricultural Bank of China Limited	400,000	404,038	0.8%
Bank of Ningbo wealth management Ning Xin fixed-income category daily-traded wealth management No. 10 (minimum holding period: 30 days)	Bank of Ningbo Co., Ltd.	400,000	402,496	0.7%
"Hui Li Feng" 2026 5837th customized RMB structured deposit products for corporates	Agricultural Bank of China Limited	400,000	400,000	0.7%
Others#		8,487,000	8,645,033	16.1%
Total		**13,124,000**	**13,326,538**	**24.8%**

* The English names are unofficial English translations of unlisted financial products with Chinese names only. If there is any inconsistency, the Chinese names shall prevail.

Other unlisted financial products included 52 unlisted financial products with 8 different banks to lower the concentration risk. The average fair value of these 52 unlisted financial products as at 30 June 2026 was approximately RMB166.3 million.

The unlisted financial products were measured at fair value as at 30 June 2026. Such investment activities were funded primarily by the idle self-owned funds of the Group.

The Board considers that the terms of such unlisted financial products are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For the six months ended 30 June 2026, the Group's capital expenditure amounted to approximately RMB1,636.9 million, which was primarily for the purchases of property, plant and equipment. These investments enhanced the Group's R&D and technological application capability and production efficiency, and thus expanded the sources of revenue.

Save as disclosed above, to the best knowledge of the Directors, there were no new significant and/or important investments held by the Group for the six months ended 30 June 2026.

Future Plans for Material Investments or Capital Assets Acquisition

The Group will continue to further diversify its investments among different banks to mitigate concentration risk and will closely monitor the performance of investments made and future investment plans in accordance with its prudent funding and treasury policy to utilise and to increase the yield of the idle funds of the Group while maintaining a high level of liquidity and a low level of risk. Such investment activities were made and will be made on the premises that it would not adversely affect the working capital of the Group or the operation of the Group's principal business. In addition, the Group will strengthen management in capital investment, improve input – output efficiency and focus on optimizing operational efficiency.

The Group will rely on the internal resources, bank borrowings, debt financing or equity financing to meet the future demands for material investments or capital assets acquisition.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

The Group is exposed to interest rate risks arising from its bank borrowings for working capital, capital expenditure for expansion and other purposes of the Group and refinancing. The rising of interest rates increases the costs of both existing and new debts. As at 30 June 2026, the effective interest rate on fixed-rate bank borrowings was 2.15% to 3.05% per annum, while the effective interest rate of variable-rate bank borrowings was 3.43% to 4.83% per annum.

Foreign Exchange Rate Fluctuation Risk

The Group exports a portion of its products to and purchases a considerable amount of products from international markets where transactions are denominated in USD or other foreign currencies. Except for certain investments which are in line with the Group's business and denominated in foreign currencies, the Group did not and has no plan to make any other foreign currency investment. The Group will take necessary measures to mitigate any impacts caused by exchange rate fluctuations. For details of the Group's foreign currency forward contracts and foreign exchange swap contracts, please refer to Note 14 to the condensed consolidated financial statements in this announcement.

Credit Risk

The Group's financial assets include derivative financial assets, cash and cash equivalents, pledged bank deposits, short-term fixed deposits, time deposits, financial assets at FVTPL, trade and other receivables and prepayments, amounts due from related parties, receivables at FVTOCI and equity instruments at FVTOCI, which represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk in relation to trade receivables, the management of the Company (the "**Management**") has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that appropriate follow-up actions are taken to recover overdue debts. The Group has also purchased insurance relating to trade receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Therefore, the Directors consider that the Group's credit risk was significantly reduced. The amounts presented in the condensed consolidated statement of financial position are net of allowance for the ECL, estimated by the Management based on prior experience and historically observed default rates, their assessment of the current economic environment and the discounted cash flows to be received in future.

The Group has no significant concentration of credit risk since its trade receivables are dispersed over a large number of counterparties and customers. The credit risk on liquidity is limited because the majority of the counterparties are banks with high credit ratings by international credit-rating agencies.

Cash Flow Interest Rate Risk

The Group's cash flow interest rate risk is primarily related to variable rates applicable to bank borrowings. The Management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range. Therefore, any future variations in interest rates will not have any significant impact on the results of the Group.

Liquidity Risk

The Group manages liquidity risk by maintaining an adequate level of cash and cash equivalents through continuously monitoring the forecast and actual cash flows and matching them with the maturity profiles of financial assets and liabilities.

OTHER INFORMATION

A. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable Cayman Islands Companies Act and the newly amended and restated memorandum of association and second amended and restated articles of association of the Company to repurchase its Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

During the period from 8 January 2026 to 28 January 2026, the Company repurchased an aggregate of 15,840,000 Shares on the Stock Exchange (the "**Share Repurchase**"), representing approximately 1.447% of the total number of issued Shares (including treasury shares) as at 30 June 2026. The aggregate amount involved in the Share Repurchase was approximately HKD1,015,500,470 (excluding commission and other expenses), at the highest, lowest and average price of approximately HKD66.60, HKD61.40, and HKD64.1099 per Share, respectively. The Company held the repurchased Shares as treasury shares and will subsequently use them to incentivise employees by way of equity incentive plans. The Directors believed that the Share Repurchase demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and the Shareholders. As at 30 June 2026, the Company held a total of 15,840,000 treasury shares.

Save as disclosed above, other than the purchases of the Shares made by the trustee of the restricted share award scheme of the Company (the "**Restricted Share Award Scheme**"), neither the Company nor any of its subsidiaries purchased, sold, redeemed, or wrote off any Shares (including treasury shares) for the six months ended 30 June 2026.

B. ISSUE OF EQUITY SECURITIES OR SALE OF TREASURY SHARES

For the six months ended 30 June 2026, the Company did not issue any equity securities (including securities convertible into equity securities) for cash or conduct any sale of treasury shares for cash.

C. RESTRICTED SHARE AWARD SCHEME AND 2026 SHARE AWARD SCHEME

The Company has adopted a Restricted Share Award Scheme and a 2026 share award scheme of the Company (the "**2026 Share Award Scheme**"), respectively, details of which are set out below:

	Restricted Share Award Scheme	2026 Share Award Scheme
Adoption Date	22 March 2010	27 May 2026
Purpose	Assist the Company in attracting new staff as well as motivating and retaining its existing staff	Provide participants with an opportunity to acquire a proprietary interest in the Company, encourage and retain them to work with the Group, incentivize performance to increase Company value, and align their interests directly with Shareholders
Participants	Directors, senior staff, agents and consultants of the Group	Employees (such as Directors and employees of the Group) and service providers (such as independent service providers, suppliers, agents and contractors who provides services to the Group on a continuing basis)

For more details of the Restricted Share Award Scheme, please refer to Note 22 to the condensed consolidated financial statements in this announcement and the interim report for the six months ended 30 June 2026 to be published by the Company.

For more details of the 2026 Share Award Scheme, please refer to the circular of the Company dated 24 April 2026. For the avoidance of doubt, no share awards have been granted under the 2026 Share Award Scheme.

D. CORPORATE GOVERNANCE AND SECURITIES TRANSACTIONS BY DIRECTORS

Corporate Governance

For the six months ended 30 June 2026, the Company complied with all of the mandatory disclosure requirements set out in Part 1 of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules. Meanwhile, the Company has applied the principles of good corporate governance (the "**Governance Principles**") and complied with the code provisions set out in Part 2 of the Corporate Governance Code. The Company annually reviews the application of the Governance Principles and will improve its corporate governance practices with the reference to the latest development of corporate governance.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules. Having made specific enquiry with regard to securities transactions of the Directors, all Directors have confirmed their compliance with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions for the six months ended 30 June 2026.

E. AUDIT COMMITTEE

As at 30 June 2026, the audit committee of the Board (the "**Audit Committee**") consists of three independent non-executive Directors (namely Ms. Ching Wan Fung (chairwoman), Mr. Feng Hua Jun and Mr. Chen Gang). The Audit Committee and the Company's external auditors have reviewed the interim report of 2026 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2026. Members of the Audit Committee agreed with the accounting treatment adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2026.

By order of the Board
Sunny Optical Technology (Group) Company Limited
Wang Tan Jiong
Chairman and Executive Director

Hong Kong, 26 August 2026

As at the date of this announcement, the Board comprises Mr. Wang Tan Jiong, Mr. Wang Wenjie and Mr. Ni Wenjun, who are executive Directors; Mr. Wang Wenjian, who is a non-executive Director, and Mr. Feng Hua Jun, Mr. Chen Gang and Ms. Ching Wan Fung, who are independent non-executive Directors.