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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE SUBSCRIPTIONS FOR THE SUBSCRIPTION PRODUCT

The Board announces that on 23 May 2019, the Company, through Sunny Opotech, a wholly-owned subsidiary of the Company, began to subscribe for the Subscription Product, an unlisted wealth management product of ABC, from time to time. The Subscriptions were made under the agreement entered into between the Group and ABC in November 2009. Since then, the Group has been subscribing and redeeming the unlisted wealth management products of ABC on a regular basis.

The Subscriptions were made with the idle self-owned funds of the Group under the continuous monitoring of the Group in accordance with its 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.

The Subscriptions 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 Company's principal business.

Pursuant to the terms of the Subscription Product, the Subscription Product can be readily withdrawn on the same day or within one working day upon notification to the ABC. The Group has been working hard in the past year to diversify its investments among different banks and products to lower the concentration risk. The Subscription Product is one of the new unlisted wealth management products subscribed by the Group after its implementation of the diversification of investments. Going forward, the Group will continue to diversify its investments among different banks and products to lower the concentration risk.

During the period between 1 January 2019 and 28 February 2020, the amount of the Subscriptions reached RMB1,330.0 million between 27 December 2019 and 30 December 2019, rendering one of the applicable percentage ratios (as defined under the Listing Rules) exceeding 5% and reaching approximately 5.22%. The amount of the Subscriptions reached its peak at RMB1,364.0 million on 31 December 2019 and 1 January 2020, rendering one of the applicable percentage ratios (as defined under the Listing Rules) reaching approximately 5.35%, thereby exceeding 5% but remain less than 25%. The amount of Subscriptions reduced to RMB884.0 million on 2 January 2020 and the highest applicable percentage ratios (as defined under the Listing Rules) reduced to approximately 3.47%.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios (as defined under the Listing Rules) of the amount of Subscriptions exceed(s) 5% but is/are less than 25%. The Subscriptions therefore constitute discloseable transactions of the Company under Rule 14.06 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board announces that on 23 May 2019, the Company, through Sunny Opotech, a wholly-owned subsidiary of the Company, began to subscribe for the Subscription Product, an unlisted wealth management product of ABC, from time to time. The Subscriptions were made under the agreement entered into between the Group and ABC in November 2009. Since then, the Group has been subscribing and redeeming the unlisted wealth management products of ABC on a regular basis.

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DETAILS OF THE TERMS OF THE SUBSCRIPTION PRODUCT

Details of the terms of the Subscription Product are as follows:

- | | | |
|---------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------|
| (1) Name | : | “An Xin Kuai Xian Bubugao” open-end RMB wealth management product of ABC for legal entity (中國農業銀行“安心快線步步高”法人專屬開放式人民幣理財產品) |
| (2) Commencement date of the Subscription Product | : | 24 June 2015 |
| (3) Maturity date of the Subscription Product | : | 25 June 2020 |
| (4) Parties | : | (i) ABC as the issuer; and
(ii) Sunny Opotech as the subscriber. |

To the best knowledge, information and belief of the Directors, ABC and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and its connected persons.

- (5) Product type : Non-principal guaranteed with floating return
- (6) Product risk rating : Low-to-medium
- (7) Investment currency : RMB
- (8) Income calculation and Expected maximum annualised rate of return : The wealth management income is calculated based on the number of deposit days (commencing on the relevant date of the Subscription up to the redemption date of the relevant unit of the Subscription Product) and the corresponding actual annualised rate of return as follows:

Number of deposit days	Expected maximum annualised rate of return
1 to 7 days	2.10%
8 to 14 days	2.30%
15 to 30 days	2.80%
31 to 60 days	3.10%
61 to 90 days	3.25%
91 days or more	3.45%

- (9) Investment scope of the Subscription Product : The Subscription Product mainly invests in state treasury bonds, financial bonds, central bank bills, money market instruments, credit bonds with higher credit rating (including corporate bonds listed on the interbank market and exchange market, corporate bonds, medium-term notes, short-term financing bonds, extra short-term financing bonds, convertible bonds and other public offering of debt financing tools as well as non-public directional debt financing instruments), money market funds, bond funds and other low-risk funds, low-risk interbank funds business, swaps and other risks and income can be locked in the domestic and foreign currency funds market tools, the fixed income investment instruments issued by commercial banks or other qualified institutions, the right to income, commissioned assets (including entrusted bonds investment, broker-oriented asset management plan, as well as pre-established stock entrusted loans), asset managers issued securities and trust plans in compliance with regulatory requirements and other investment products.

Approximately 20% to 40% of the funds will be invested in state treasury bonds, central bank bills, financial bonds, repurchases and credit bonds with high credit rating listed on the interbank bond market, debt financing instruments under private placement, cash and deposits; and approximately 50% to 80% of the funds will be invested in inter-bank deposits, investment trust plan, proceeds rights, entrusted assets and other investments that meet regulatory requirements. Such investment proportions may vary in the range of -10% to 10%, as ABC may adjust the investment portfolio in accordance with the trend and dynamic of the related investment markets.

- (10) Payment of return on principal upon maturity : If the principal and return are to be redeemed before 15:00 on the redemption date, the principal and return will be redeemed on the redemption date; if the principal and return are to be redeemed after 15:00 on the redemption date, the principal and return will be redeemed one working day after the redemption day.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Subscriptions were made with the idle self-owned funds of the Group under the continuous monitoring of the Group in accordance with its policy and on the premises that they will not adversely affect the working capital of the Group or the operation of the Company's principal business.

Taking into account, among others, (i) the relatively low level of risks; (ii) the expected rate of return; and (iii) the short term to maturity, whereby the Subscription Product can be readily withdrawn on the same day or within one working day upon notification to ABC, which can be made every working and non-working day, the Company is of the view that the Subscription Product will provide the Group with better return than deposits generally offered by commercial banks.

As the Subscription Product can be readily withdrawn on the same day or within one working day upon notification to ABC, the Group utilises its idle self-owned funds to subscribe for the Subscription Product to increase the yield of idle self-owned funds of the Group whilst maintaining a high level of liquidity and a low level of risk. The Group has been working hard in the past year to diversify its investments among different banks and products to lower the concentration risk. The Subscription Product is one of the new unlisted wealth management products subscribed by the Group after its implementation of the diversification of investments. Going forward, the Group will continue to diversify its investments among different banks and products to lower the concentration risk.

The Board considers that the terms of the Subscription Product are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios (as defined under the Listing Rules) of the amount of Subscriptions exceed(s) 5% but is/are less than 25%. The Subscriptions therefore constitute discloseable transactions of the Company under Rule 14.06 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“ABC”	Agricultural Bank of China Limited (中國農業銀行股份有限公司)
“Board”	the board of Directors
“Company”	Sunny Optical Technology (Group) Company Limited

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription(s)”	Subscription(s) of the Subscription Product by Sunny Opotech from time to time pursuant to the agreement entered into between the Group and ABC in November 2009
“Subscription Product”	“An Xin Kuai Xian Bubugao” open-end RMB wealth management product of ABC for legal entity (中國農業銀行“安心快線步步高”法人專屬開放式人民幣理財產品), an unlisted wealth management product issued by ABC
“Sunny Opotech”	Ningbo Sunny Opotech Co., Ltd. (寧波舜宇光電信息有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Sunny Optical Technology (Group) Company Limited
Ye Liaoning
Chairman and Executive Director

Hong Kong, 2 March 2020

As at the date of this announcement, the Board comprises Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie, who are executive Directors; Mr. Wang Wenjian, who is non-executive Director, and Mr. Zhang Yuqing, Mr. Feng Hua Jun and Mr. Shao Yang Dong, who are independent non-executive Directors.