

Sunny Optical Technology

**Anti-corruption
System**

Produced and edited by the Audit Department

Chapter 1 General Provisions

1. *The Anti-Corruption System* (the “System”) is put in place to prevent and control corruption, strengthen the corporate governance and internal management and regulate the operation behavior so as to protect shareholders’ legitimate interests and promote the healthy and stable development of the company.

2. The System applies to Sunny Optical Technology (Group) Co., Ltd. and its wholly-owned (holding) subsidiaries and offices (collectively, the “Company”).

Chapter 2 Definition and Content of Corruption

1. Corruption refers to the behavior that internal and external personnel of the Company seek illegitimate personal interests and damage the legitimate economic interests of the Company through deceit and other illegal means.

2. Corruption mainly involves two major categories—“bribery” and “fraud”, including but not limited to:

- Various forms of commercial bribery (such as kickbacks, gifts and entertainment, etc.)

- Commercial benefits transfer between employees and their relatives and friends
- Taking advantage of position to embezzle company property
- Misappropriation of company property
- Theft of company property
- Fictitious payment
- False reimbursement
- Forgery of relevant accounting and payment vouchers
- Commercial secrets infringement
- Other types of corruption that infringe upon the interests of the Group

Chapter 3 Supervising Organization

1. The Audit Committee of Sunny Optical Technology is the anti-corruption supervisory body, responsible for the acceptance and investigation of corruption cases involving the audit department, and for the review of the authenticity and integrity of anti-corruption materials and the fairness and compliance of case results.

2. The audit department is a permanent organization for the Company's anti-corruption effort. Under the direct leadership of the chairman, it is responsible for the company-wide anti-corruption work.

Chapter 4 Case Acceptance, Investigation and Report

1. Sunny Optical Technology has set up a special hotline and e-mail for the reporting of corruption cases, and published the information such as the telephone number and e-mail address on the Company website, newspapers, bulletin boards, etc.

2. The audit department shall keep a written record of the real-name or anonymous reporting materials received and processed for the audit committee's inspection. When other management personnel at all levels receive a report, they shall promptly notify the audit department.

3. After receiving the report materials, the audit department will arrange the verification and investigation according to the management level of the person being reported against. The investigation results will be reported to the chairman of the board

and the general manager of the company where they work will be notified.

Chapter 5 Penalty

1. If the applicant that needs to report the related-party transaction does not voluntarily declare the related party and the related party does not declare such relationship either, but it is verified that such relationship exists, it will be disqualified as an eligible supplier and included in the supplier blacklist.

2. All employees who commit corruption shall be given corresponding economic and administrative penalties; those who violate the criminal law shall be transferred to judicial authorities for handling according to law.

3. For all employees who commit corruption, the Company has the right to withdraw any rewards to them, besides returning improper income and compensating for losses.

4. The management personnel at all levels of the Company shall bear direct management responsibility for

corruption of their direct subordinates.

Chapter 6 Supplementary Provisions

1. The System will be implemented from the date of promulgation.

2. The audit department is responsible for interpretation and revision of the System.