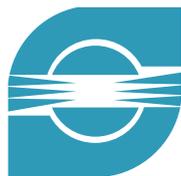


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**SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED**  
**舜宇光學科技（集團）有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2382)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

This announcement is made by the Company pursuant to Rule 13.09, Chapter 14 and Chapter 14A of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

**THE AGREEMENT AND THE ACQUISITION**

On 15 August 2014, the Agreement was entered into between Sunny Nominees (as the vendors) and Sunny Optics (as the purchaser) pursuant to which Sunny Nominees, acting on behalf of Sunny Staff Shareholders, have agreed to sell the Equity Interests to Sunny Optics at a consideration of RMB351,372,444.7 in cash. The Equity Interests represent the entire registered and paid-up capital of Sunny Group which are wholly owned by Sunny Staff Shareholders beneficially as at the date of this announcement.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

Mr. Wang is a non-executive Director. Furthermore, Mr. Wang owns personally, indirectly through corporations and by being one of the trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust in respect of a total of 422,756,060 Shares, representing approximately 38.54% of the total issued share capital of the Company as at the date of this announcement. Mr. Wang is therefore also a substantial shareholder of the Company. As such, Mr. Wang is a connected person of the Company. Given Mr. Wang is one of the Sunny Staff Shareholders and one of the beneficiaries under the trust arrangement of the Equity Interests, Sunny Nominees, being the trustees thereof, are therefore the associates of Mr. Wang and connected persons of the Company. Since Mr. Wang is able to control more than 30% of the equity interests in Sunny Group, Sunny Group is hence the associate of Mr. Wang and a connected person of the Company.

Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules and is subject to reporting and announcement requirements and the approval of the Independent Shareholders at the EGM by way of poll. Mr. Wang and his associates will abstain from voting in respect of the resolution(s) to approve the Acquisition at the EGM.

## GENERAL

An Independent Board Committee consisting all of the independent non-executive Directors, who have no interest in the Acquisition, has been formed to advise the Independent Shareholders as to whether or not the terms of the Agreement and the Acquisition are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular of the Company containing, among others, (i) further details of the Acquisition; (ii) a letter of advice from Messis Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in relation to the Acquisition; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iv) valuation report of the Properties; and (v) a notice convening the EGM and a form of proxy will be dispatched to the Shareholders on or before 4 September 2014 in accordance with the Listing Rules.

**As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution in dealing in the Shares.**

This announcement is made by the Company pursuant to Rule 13.09, Chapter 14 and Chapter 14A of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

## THE AGREEMENT AND THE ACQUISITION

### The Agreement

The Agreement dated 15 August 2014 was entered into between the following parties in relation to the sale and purchase of the Equity Interests:

Vendors:	Sunny Nominees who hold the Equity Interests on trust for the Sunny Staff Shareholders
Purchaser:	Sunny Optics, an indirect wholly-owned subsidiary of the Company
Subject matter:	Following the Completion, Sunny Group will become an indirect wholly-owned subsidiary of the Company. Sunny Group's principal assets are the Properties and its 25.0% and 12.2% equity interests in Sunny Huitong and Zhenxing Yiqi, respectively

Mr. Wang is a non-executive Director. Furthermore, Mr. Wang owns personally, indirectly through corporations and by being one of the trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust in respect of a total of 422,756,060 Shares, representing approximately 38.54% of the total issued share capital of the Company as at the date of this announcement. Mr. Wang is therefore also a substantial shareholder of the Company. As such, Mr. Wang is a connected person of the Company. Given Mr. Wang is one of the Sunny Staff Shareholders and one of the beneficiaries under the trust arrangement of the Equity Interests, Sunny Nominees, being the trustees thereof, are therefore the associates of Mr. Wang and connected persons of the Company. Since Mr. Wang is able to control more than 30% of the equity interests in Sunny Group, Sunny Group is hence the associate of Mr. Wang and a connected person of the Company.

## **Consideration of the Acquisition**

The consideration for the purchase of the Equity Interests is RMB351,372,444.7 which will be paid by Sunny Optics from its internal resources. The consideration will be satisfied in cash in the following manners:

- (a) RMB10,000,000.0 shall be payable by Sunny Optics to Sunny Group as part payment of the consideration within three Business Days from the date of the EGM; and
- (b) RMB341,372,444.7 shall be payable by Sunny Optics to Sunny Group upon Completion.

In the event the conditions precedent set out in the Agreement are not fulfilled (or as the case may be, waived) on or before the Long Stop Date or Completion does not take place in accordance with the terms thereof, Sunny Group shall refund the part payment being RMB10,000,000.0 (without interest) to Sunny Optics within seven Business Days after written demand from Sunny Optics.

The consideration of RMB351,372,444.7 was determined after negotiations between Sunny Optics and Sunny Group with reference to the unaudited net asset value of Sunny Group of RMB351,372,444.7 referred to the Unaudited Consolidated Financial Statements prepared under PRC Generally Accepted Accounting Principles as at 25 July 2014, which has taken into account the preliminary appraised value of the Properties of RMB181,651,000.0 prepared by an independent valuer and consultant.

## **Conditions precedent of the Agreement**

Completion is conditional upon the fulfillment or waiver of the following conditions that:

- (a) Sunny Optics being satisfied with the results of the due diligence review to be conducted on the Sunny Group;
- (b) all necessary consents, approvals and authorizations required to be obtained on the part of each of the party in respect of the Agreement and the transactions contemplated thereunder, including the power of attorney in respect of the Acquisition duly executed and delivered by all Sunny Staff Shareholders, having been obtained and remain in full force and effect;
- (c) the PRC legal advisers designated by Sunny Optics having issued a PRC legal opinion relating to the matters of the Agreement in the form and substance to the satisfaction of Sunny Optics;
- (d) each of the parties having undertaken all necessary actions in order to facilitate the Acquisition and the execution of the Agreement, and the shareholders of Sunny Group having passed all necessary resolution to approve the Agreement and the transactions contemplated under the Agreement;
- (e) all representations and warranties given by Sunny Group and Sunny Nominees in the Agreement being true, accurate, complete and not misleading at the execution date of the Agreement and remaining true, accurate, complete and not misleading in all material respects at Completion on the basis of the facts and circumstances then existing;

- (f) the dispatch of the circular to the Shareholders in relation to the Acquisition in compliance with the Listing Rules;
- (g) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to approve the Agreement and the transactions contemplated under the Agreement; and
- (h) the revised business license having been issued to Sunny Group.

Sunny Optics may in its absolute discretion waive in whole or in part the conditions set out in paragraphs (a) and (c) above at any time by notice in writing to Sunny Group. In exercising the right of waiver, the Board will act in the interest of Sunny Optics, the Company and the Independent Shareholders as a whole and will only waive any conditions precedent on minor issues or on issues that will not affect the substance of the Acquisition.

In the event that any of the conditions shall not have been fulfilled or waived on or before the Long Stop Date or such later date as agreed by the parties to the Agreement in writing, the Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Agreement.

### **Completion**

Completion is expected to take place at no later than 4:00 p.m. on the Completion Date at the office of Sunny Optics (or such other place and/or time as the parties may agree in writing) being within one (1) month after the last of the conditions precedent have been fulfilled or waived (which shall be fulfilled by no later than the Long Stop Date).

Upon Completion, Sunny Group will become an indirect wholly-owned subsidiary of the Company.

### **Further information about Sunny Group, Sunny Huitong and Zhenxing Yiqi**

Sunny Group is principally engaged in investment holding and property leasing. The major assets of Sunny Group are the Properties and 25.0% and 12.2% equity interests in Sunny Huitong and Zhenxing Yiqi, respectively.

Sunny Huitong is principally engaged in provision of financing services in Yuyao City, Zhejiang Province, the PRC.

Zhenxing Yiqi is principally engaged in provision of consulting and information services in the PRC.

The table below sets out the unaudited net profits before and after taxation of Sunny Group for the two financial years ended 31 December 2012 and 2013:

	<b>For the financial year ended 31 December</b>	
	<b>2012</b>	<b>2013</b>
Net profits (before taxation)	Approximately RMB12.0 million	Approximately RMB16.0 million
Net profits (after taxation)	Approximately RMB10.1 million	Approximately RMB13.5 million

## **Information on Sunny Optics and the Group**

The Company is the holding company of the Group which is principally engaged in the design, research, develop, manufacture and sales of optical and optical-related products.

Sunny Optics is one of the major operating subsidiaries of the Company which is principally engaged in manufacture and sales of optical components.

## **Reasons for and benefits of the proposed Acquisition**

Reference is made to the Prospectus and the announcements of the Company dated 22 November 2007, 9 October 2008, 4 January 2010 and 21 December 2012 regarding the continuing connected transactions entered into between the Group and Sunny Group. The Board considers that the Acquisition is beneficial to the Company for the following reasons:

- a) expand production facilities – in line with the Group’s business development strategies, the Properties will be used for the development of existing and future production lines for products which the Directors considered to be drivers of business growth, in particular, for the manufacture of vehicle lens sets, infra-red products and analytical instruments;
- b) eliminate continuing connected transactions – upon Completion, Sunny Group will become a wholly-owned subsidiary of the Company. Compliance cost of the Group to be incurred in relation to the continuing connected transactions between the Group and Sunny Group will be eliminated, thus improving the overall competitiveness and management efficiency of the Group;
- c) reduce the potential risk of competition – the Acquisition allows the Group to retain experienced personnel. Sunny Staff Shareholders, the beneficial owners of Sunny Group, are employees or ex-employees of the Group, who possess the industry experience and technical knowledge to manufacture and produce competing products;
- d) strengthen future capability of supply chain management – the Group will utilize the microcredit license held by Sunny Huitong after the Acquisition, enabling the Group to provide financing services to the Group’s suppliers in Yuyao City, Zhejiang Province, the PRC, thereby improving the standard and capacity of the products and services provided by the suppliers; and
- e) enhance the overall management effectiveness of the Group’s operation – given that certain Properties are located adjacent to the existing major production facilities of the Group in Yuyao City, Zhejiang Province, the PRC, the Board could maximize the flexibility and practicability in its strategic planning and development for the Group by managing the land use rights, such as sewage system, around the local area.

In light of the benefits above, the Board believes that the terms of the Agreement are on normal commercial terms and are fair and reasonable, and in the interests of Shareholders as a whole.

## **Financial effects of the Acquisition**

Upon Completion, Sunny Group will become a wholly-owned subsidiary of the Company and its accounts will be consolidated into the accounts of the Company. The fair value of identifiable assets and liabilities of Sunny Group at Completion will be consolidated into the Group, as well as its income and expenses.

## **LISTING RULES IMPLICATIONS**

### **Discloseable and connected transaction for the Company**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

Mr. Wang is a non-executive Director. Furthermore, Mr. Wang owns personally, indirectly through corporations and by being one of the trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust in respect of a total of 422,756,060 Shares, representing approximately 38.54% of the total issued share capital of the Company as at the date of this announcement. Mr. Wang is therefore also a substantial shareholder of the Company. As such, Mr. Wang is a connected person of the Company. Given Mr. Wang is one of the Sunny Staff Shareholders and one of the beneficiaries under the trust arrangement of the Equity Interests, Sunny Nominees, being the trustees thereof, are therefore the associates of Mr. Wang and connected persons of the Company. Since Mr. Wang is able to control more than 30% of the equity interests in Sunny Group, Sunny Group is hence the associate of Mr. Wang and a connected person of the Company.

Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules and is subject to reporting and announcement requirements and the approval of the Independent Shareholders at the EGM by way of poll. Mr. Wang and his associates will abstain from voting in respect of the resolution(s) to approve the Acquisition at the EGM.

### **GENERAL**

An Independent Board Committee consisting all of the independent non-executive Directors, who have no interest in the Acquisition, has been formed to advise the Independent Shareholders as to whether or not the terms of the Agreement and the Acquisition are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular of the Company containing, among others, (i) further details of the Acquisition; (ii) a letter of advice from Messis Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in relation to the Acquisition; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iv) valuation report of the Properties; and (v) a notice convening the EGM and a form of proxy will be dispatched to the Shareholders on or before 4 September 2014 in accordance with the Listing Rules.

**As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution in dealing in the Shares.**

## DEFINITIONS

“Acquisition”	the proposed acquisition of the Equity Interests by Sunny Optics from the Sunny Nominees pursuant to the terms of the Agreement, and any other transactions as contemplated under the Agreement;
“Agreement”	the conditional agreement dated 15 August 2014 entered into between Sunny Nominees as the vendors and Sunny Optics as the purchaser in respect of the Acquisition;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of the Directors;
“Business Day(s)”	a day(s) (other than Saturdays, Sundays and public holidays) on which banks in Hong Kong are open for general banking business;
“Company”	Sunny Optical Technology (Group) Company Limited, a company incorporated in the Cayman Islands with limited liability on 21 September 2006 whose shares are listed on the Stock Exchange;
“Completion”	completion of the Acquisition pursuant to the Agreement;
“Completion Date”	on or before the 30th day following the date of fulfillment or waiver of the last of the conditions precedent;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) (including the independent non-executive directors) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened, inter alia, to consider and, if thought fit, approve the Acquisition;
“Equity Interests”	the entire equity interests in Sunny Group;
“Group”	the Company and its subsidiaries;
“Independent Board Committee”	the independent board committee of the Company consisting Dr. Liu Xu, Mr. Zhang Yuqing and Mr. Chu Peng Fei Richard, who are independent non-executive Directors not having material interest in the Acquisition, formed for the purpose of advising the Independent Shareholders on the terms of the Agreement and the Acquisition;
“Independent Shareholders”	the Shareholders other than Mr. Wang and his associates;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Long Stop Date”	30 November 2014, or such later date as the parties to the Agreement may agree in writing;
“Mr. Wang”	Mr. Wang Wenjian, a non-executive Director;
“Mr. W. Wang”	Mr. Wang Wenjie, an executive Director;
“Mr. Ye”	Mr. Ye Liaoning, an executive Director;
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this announcement;
“Properties”	the properties owned by Sunny Group as at the date of this announcement;
“Prospectus”	the prospectus of the Company dated 4 June 2007;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sunny Group”	舜宇集團有限公司 (Sunny Group Limited), a limited liability company established in the PRC;
“Sunny Group Employee Offshore Trust”	a trust arrangement established under the laws of Hong Kong by a trust deed dated 28 July 2006, entered into between Mr. Wang as trustee and Sunny Staff Shareholders as settlors and initial beneficiaries;
“Sunny Huitong”	餘姚市舜宇匯通小額貸款股份有限公司 (Yuyao City Sunny Huitong Microcredit Co., Ltd.), a limited liability company established under the laws of the PRC which is owned as to 25.0% by Sunny Group and 75.0% by independent third parties;
“Sunny Nominees”	the 25 registered holders of the Equity Interests, including Mr. Wang, Mr. Ye and Mr. W. Wang, who hold such interests for the benefit of themselves and/or other relevant Sunny Staff Shareholders under a trust arrangement;

“Sunny Optics”	浙江舜宇光學有限公司 (Zhejiang Sunny Optics Co., Ltd.), a limited liability company established under the laws of the PRC, an indirect wholly-owned subsidiary of the Company;
“Sunny Staff Shareholders”	employees or ex-employees of Sunny Group or its subsidiaries having beneficial interests in the registered capital of Sunny Group, and as at the date of this announcement, comprising 427 persons;
“Unaudited Consolidated Financial Statements”	the unaudited consolidated financial statements of Sunny Group and its subsidiaries, if any, as at 25 July 2014;
“Zhenxing Yiqi”	浙江振興儀器儀錶有限責任公司 (Zhejiang Zhenxing Yiqi Yibiao Co., Ltd), a limited liability company established under the laws of the PRC which is owned as to 12.2% by Sunny Group and 87.8% by independent third parties; and
“%”	per cent.

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

PRC, 15 August 2014

*As at the date of this announcement, the Board comprises Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie, who are executive directors, and Mr. Wang Wenjian, who is non-executive director, and Dr. Liu Xu, Mr. Zhang Yuqing and Mr. Chu Peng Fei Richard, who are independent non-executive directors.*