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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 6 February 2013, the Company, through its Subsidiaries, began to subscribe for the Subscription Product, an unlisted wealth management product of ABC, on a regular basis. The Subscriptions were made under the agreements entered into between the Group and ABC in November 2009 and the supplemental agreements entered into thereafter. 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 prudent 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Pursuant to the terms of the Subscription Product, the Subscription Product can be readily withdrawn on the same day or within one working day upon notification to the ABC. Going forward, the Group will continue to diversify its investments among different banks to lower the concentration risk.

The Proposed Subscription Cap is RMB3,000.0 million (equivalent to approximately HK\$3,488.4 million). The Proposed Subscription Cap was determined and approved by a resolution of the Board on 19 March 2019.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios (as defined under the Listing Rules) of the Proposed Subscription Cap 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 6 February 2013, the Company, through its Subsidiaries, began to subscribe for the Subscription Product, an unlisted wealth management product of ABC, on a regular basis. The Subscriptions were made under the agreements entered into between the Group and ABC in November 2009 and the supplemental agreements entered into thereafter. Since then, the Group has been subscribing and redeeming the unlisted wealth management products of ABC on a regular basis. During the period between 1 January 2019 and the date of this announcement, the amount of the Subscriptions reached its peak on 25, 26 and 27 January 2019 at approximately RMB2,363.7 million.

The Proposed Subscription Cap is RMB3,000.0 million (equivalent to approximately HK\$3,488.4 million). The source of funds for the Subscriptions is the idle self-owned funds of the Group. The Proposed Subscription Cap was determined and approved by a resolution of the Board on 19 March 2019.

DETAILS OF THE TERMS OF THE SUBSCRIPTION PRODUCT

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

- (1) Name : “Jin Yao Shi•An Xin Kuai Xian” Tian Tian Li Gun Li Second Phase Open-ended RMB wealth management product of ABC (中國農業銀行「金鑰匙•安心快線」天天利滾利第2期開放式人民幣理財產品)
- (2) Commencement date of the Subscription Product : 6 February 2013
- (3) Maturity date of the Subscription Product : 6 February 2023
- (4) Parties : (i) ABC as issuer; and
(ii) the Subsidiaries as subscribers.

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) Risk rating : Low-to-medium
- (7) Currency : RMB
- (8) Expected annualised return rate : 3.00% after payment of the fees

- (9) Income calculation : Calculation of wealth management income commences from the date when the subscription application is confirmed up to the redemption/ termination date
- (10) 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 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), trust plans in compliance with regulatory requirements and other investment products.

Approximately 10 to 90% of the funds will be invested in state treasury bonds, financial bonds, central bank bills, credit bonds with high credit rating, repurchases, cash and deposits and approximately 10 to 90% of the funds will be invested in inter-bank deposits, 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.

- (11) 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 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 prudent 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 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. Going forward, the Group will continue to diversify its investments among different banks 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 Proposed Subscription Cap 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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

“Proposed Subscription Cap”	the proposed cap in respect of the total amount of the Subscription determined and approved by a resolution of the Board on 19 March 2019
“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
“Subsidiaries”	<p>the following subsidiaries of the Company:</p> <ul style="list-style-type: none"> (i) Sunny Group Co., Ltd. (舜宇集團有限公司); (ii) Ningbo Sunny Automotive Optech Co., Ltd. (寧波舜宇車載光學技術有限公司); (iii) Ningbo Sunny Infrared Technologies Co., Ltd. (寧波舜宇紅外技術有限公司); (iv) Sunny Optics (Zhejiang) Research Institute Co., Ltd. (舜宇光學(浙江)研究院有限公司); (v) Zhejiang Sunny Optics Co., Ltd. (浙江舜宇光學有限公司); (vi) Yuyao City Sunny Huitong Microcredit Co., Ltd. (餘姚市舜宇匯通小額貸款有限公司); (vii) Ningbo Sunny Intelligent Technology Co., Ltd. (寧波舜宇智能科技有限公司); (viii) Ningbo Sunny Opotech Co., Ltd. (寧波舜宇光電信息有限公司); (ix) Xinyang Sunny Optics Co., Ltd. (信陽舜宇光學有限公司); (x) Ningbo Sunny Instruments Co., Ltd. (寧波舜宇儀器有限公司); (xi) Sunny Optics (Zhongshan) Co., Ltd. (舜宇光學(中山)有限公司); (xii) Shanghai Sunny Yangming Precision Optics Co., Ltd. (上海舜宇陽明精密光學有限公司); (xiii) Zhejiang Sunny Optical Intelligence Technology Co., Ltd. (浙江舜宇智能光學技術有限公司); (xiv) Ningbo Wissen Intelligent Sensing Technology Co., Ltd. (寧波為森智能傳感技術有限公司);

(xv) Ningbo Mei Shan Bao Shui Gang Qu Sunxin Investment Partnership (Limited Partnership) (寧波梅山保稅港區舜鑫投資管理合夥企業 (有限合夥)); and

(xvi) Yuyao Sunny Optical Intelligence Technology Co., Ltd. (餘姚舜宇智能光學技術有限公司).

“Subscriptions” subscriptions of the Subscription Product by the Group from time to time pursuant to the agreements entered into between the Group and ABC in November 2009 and the supplemental agreements entered into thereafter

“Subscription Product” “Jin Yao Shi•An Xin Kuai Xian” Tian Tian Li Gun Li Second Phase Open-ended RMB wealth management product of ABC (中國農業銀行「金鑰匙•安心快線」天天利滾利第2期開放式人民幣理財產品), an unlisted wealth management product issued by ABC

“%” per cent

For the purpose of this announcement, the exchange rate of HK\$1 = RMB0.86 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in RMB or HK\$ have been, could have been or may be converted at such rate or any other exchange rate.

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

Hong Kong, 19 March 2019

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.