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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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

On 21 December 2012, the Group entered into the Tenancy Renewal Agreements with Sunny Group in order to renew the Tenancy Agreements on similar terms for a term of three years commencing on 1 January 2013 and ending on 31 December 2015.

Mr. Wang is a non-executive Director and is therefore a connected person 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. The transactions contemplated under the Tenancy Renewal Agreements therefore constitute connected transactions for the Company under Chapter 14A of the Listing Rules. In accordance with Rule 14A.34 of the Listing Rules, as one or more of the applicable percentage ratios calculated based on the Proposed Annual Caps are more than 0.1% but all are less than 5%, the transactions under the Tenancy Renewal Agreements are subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement.

The transactions under the Tenancy Renewal Agreements are subject to the annual review requirement under Rules 14A.37 to 14A.38 of the Listing Rules.

### **INTRODUCTION**

Reference is made to the Company's prospectus dated 4 June 2007 and the announcements dated 22 November 2007, 9 October 2008 and 4 January 2010 regarding the continuing connected transactions entered into by the Group under the Tenancy Agreements. The Tenancy Agreements commenced on 1 January 2010 and will be expired on 31 December 2012.

In view of the Tenancy Agreements and their respective annual caps will be expired on 31 December 2012, the Group has entered into the Tenancy Renewal Agreements on 21 December 2012 with particulars set out below.

## DETAILS OF THE TENANCY RENEWAL AGREEMENTS

On 21 December 2012, the Group entered into the Tenancy Renewal Agreements, all of which will be effective on 1 January 2013, with Sunny Group for a term of three years.

The terms of the Tenancy Renewal Agreements are mostly similar to their respective Tenancy Agreements with some modifications, the major terms of which are set out below:

<b>Address of premises/ Dates of Tenancy Agreements</b>	<b>Landlord and tenants under the Tenancy Renewal Agreements</b>	<b>Use/ Approximate Floor Area under the Tenancy Renewal Agreements</b>	<b>Terms under the Tenancy Renewal Agreements</b>	<b>Annual Rent under the Tenancy Renewal Agreements (including all other expenses) (RMB)</b>	<b>Terms of payment under the Tenancy Renewal Agreements</b>
1. North of Nos. 66-68 Shunyu Road, Beijiao Village, Cheng District, Yuyao City, Zhejiang Province, the PRC  Tenancy Agreement entered into on 1 January 2010	Sunny Group as landlord  Sunny Optics, Sunny Instruments, Sunny Opotech, Sunny Infrared, Sunny Automotive as tenants	Dormitory in Yuyao City, PRC, with 161 standard rooms  Floor area 30 sq.m. for each standard room	3 years from 1 January 2013 to 31 December 2015	Approximately 318,780.00	Rents are calculated based on the number of standard rooms rented each month and payable monthly in arrears at the end of the month
2. West of Zhongjiang, Bus Station North, Cheng District, Yuyao City, Zhejiang Province, the PRC  Tenancy Agreement entered into on 1 January 2010	Sunny Group as landlord  Sunny Optics, Sunny Instruments, Sunny Opotech, Sunny Infrared and Sunny Automotive as tenants	Dormitory in Yuyao City, PRC, with 275 standard rooms and 14 suites  Floor areas 27.4 sq.m. for each standard room and 66 sq.m. for each suite	3 years from 1 January 2013 to 31 December 2015	Approximately 700,260.00	Rents are calculated based on the number of standard rooms and suites rented each month and payable monthly in arrears at the end of the month

	<b>Address of premises/ Dates of Tenancy Agreements</b>	<b>Landlord and tenants under the Tenancy Renewal Agreements</b>	<b>Use/ Approximate Floor Area under the Tenancy Renewal Agreements</b>	<b>Terms under the Tenancy Renewal Agreements</b>	<b>Annual Rent under the Tenancy Renewal Agreements (including all other expenses) (RMB)</b>	<b>Terms of payment under the Tenancy Renewal Agreements</b>
3.	Nos. 66-68 Shunyu Road, Cheng District, Yuyao City, Zhejiang Province, the PRC  Tenancy Agreement entered into on 1 January 2010	Sunny Group as landlord  Sunny Optics as tenant	Office and industrial facilities, etc. in Yuyao City, PRC  Floor area 7,711.12 sq.m.	3 years from 1 January 2013 to 31 December 2015	1,079,272.66	Rents payable monthly in arrears at the end of each month
4.	No. 2, Level 9, Jinsong Court, No. 98 Qifeng Road, Cheng District, Dongguan, Guangdong Province, the PRC  Tenancy Agreement entered into on 1 January 2010	Sunny Group as landlord  Suzhou Shun Xin as tenant	Dormitory in Dongguan, PRC  Floor area 127.96 sq.m.	3 years from 1 January 2013 to 31 December 2015	33,781.44	Rents payable monthly in arrears at the end of each month
5.	Block 8, No. 1001, North Qin Zhou Road, Shanghai Municipality, the PRC  Tenancy Agreement entered into on 1 January 2010	Sunny Group as landlord  Hengping and Sunny Opotech as tenants	Dormitory in Shanghai, PRC  Floor area 2,376.68 sq.m.	3 years from 1 January 2013 to 31 December 2015	1,904,576.28	Rents payable monthly in arrears at the end of each month

	<b>Address of premises/ Dates of Tenancy Agreements</b>	<b>Landlord and tenants under the Tenancy Renewal Agreements</b>	<b>Use/ Approximate Floor Area under the Tenancy Renewal Agreements</b>	<b>Terms under the Tenancy Renewal Agreements</b>	<b>Annual Rent under the Tenancy Renewal Agreements (including all other expenses) (RMB)</b>	<b>Terms of payment under the Tenancy Renewal Agreements</b>
6.	Car-parking spaces situated at Nos. 66-68, Shun Yu Road, Yuyao City, Zhejiang Province, the PRC  Tenancy Agreement entered into on 1 January 2010	Sunny Group as landlord  Sunny Infrared, Sunny Optics, Sunny Instruments, Sunny Opotech and Sunny Automotive as tenants	Approximately 500 Carparking spaces	3 years from 1 January 2013 to 31 December 2015	Approximately 480,000.00	Rents payable monthly in arrears at the end of each month
<b>Total:</b>					<u><u>4,516,670.38</u></u>	

## HISTORICAL VALUES

The historical amounts of the transactions under the Tenancy Agreements in aggregate between our Group and Sunny Group for the two years ended 31 December 2011 and six months ended 30 June 2012 are as follows:

<b>For the year ended 31 December 2010</b> (audited) <i>RMB'000</i>	<b>For the year ended 31 December 2011</b> (audited) <i>RMB'000</i>	<b>For the six months ended 30 June 2012</b> (unaudited) <i>RMB'000</i>
4,214	4,449	2,055

## ANNUAL CAPS

### Proposed Annual Caps

The Proposed Annual Caps in aggregate for each of the three years ending 31 December 2015:

<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2015</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
5,000	5,000	5,000

### Reasons for the Proposed Annual Caps

The Directors are of the view that rents under each of the Tenancy Renewal Agreements (and therefore the annual caps) were determined by arm's length negotiations between the respective parties with reference to the market rents for similar properties in the same regions at or about the time when they were signed by the relevant parties.

To cater for the operation of the Group, the Directors consider that it is appropriate to enter into the Tenancy Renewal Agreements. The Directors (including the independent non-executive Directors) are of the opinion that all of the Tenancy Renewal Agreements are made on normal commercial terms in the ordinary and usual course of business of the Group and is in the best interests of the Company and its shareholders as a whole and that the terms and conditions, which were arrived at after arm's length negotiations between the parties involved, are fair and reasonable to the Group.

## INFORMATION ABOUT THE GROUP AND SUNNY GROUP

The Group is principally engaged in the design, research, develop, manufacture and sale of optical and optical-related products. Sunny Group is principally engaged in the activities of investment holding and property leasing.

### GENERAL

Mr. Wang is the non-executive Director of the Company and is therefore a connected person 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. The transactions contemplated under the Tenancy Renewal Agreements therefore constitute connected transactions for the Company under Chapter 14A of the Listing Rules. In accordance with Rule 14A.34 of the Listing Rules, as one or more of the applicable percentage ratios calculated based on the Proposed Annual Caps are more than 0.1% but all are less than 5%, the transactions under the Tenancy Renewal Agreements are subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement.

The transactions under the Tenancy Renewal Agreements are subject to the annual review requirement under Rules 14A.37 to 14A.38 of the Listing Rules.

## DEFINITIONS

Unless otherwise defined or the context so requires herein, words used in this Announcement shall have the following meanings:

- “Company” means 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;
- “Directors” means the directors of the Company, and the term “Director” shall be construed accordingly;
- “Group” means the Company and its subsidiaries;
- “Hengping” means 上海舜宇恆平科學儀器有限公司 (Shanghai Sunny Hengping Scientific Instrument Company Limited), a company established in the PRC with limited liability whose equity interest is owned as to 57.54% by the Company and 42.46% by independent third parties (save for their respective interests in Hengping);
- “Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange;
- “Mr. Wang” means Mr. Wang Wenjian, a non-executive Director;
- “PRC” means the People’s Republic of China;
- “Proposed Annual Caps” the proposed annual caps of the transactions contemplated under the Tenancy Renewal Agreement for the three years ending 31 December 2015, details of which are set out in this announcement;
- “Stock Exchange” means the Stock Exchange of Hong Kong Limited;
- “Sunny Automotive” means 寧波舜宇車載光學技術有限公司 (Ningbo Sunny Automotive Optech Co. Ltd), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company;
- “Sunny Group” means 舜宇集團有限公司 (Sunny Group Limited), a limited liability company established in the PRC;
- “Sunny Infrared” means 寧波舜宇紅外技術有限公司 (Ningbo Sunny Infrared Technologies Company Ltd.), a limited liability company established in the PRC, an indirect non wholly-owned subsidiary of the Company, which is owned as to 63.375% by Sunny Optics and 36.625% by independent third party;
- “Sunny Instruments” means 寧波舜宇儀器有限公司 (Ningbo Sunny Instruments Co., Ltd.), a jointly foreign owned enterprise established in the PRC, an indirect wholly-owned subsidiary of the Company;

- “Sunny Opotech” means 寧波舜宇光電信息有限公司 (Ningbo Sunny Opotech Co., Ltd.), a sino-foreign joint venture enterprise, an indirect wholly-owned subsidiary of the Company;
- “Sunny Optics” means 浙江舜宇光學有限公司 (Zhejiang Sunny Optics Co., Ltd.), a jointly foreign owned enterprise established in the PRC, an indirect wholly-owned subsidiary of the Company;
- “Suzhou Shun Xin” means 蘇州舜新儀器有限公司 (Suzhou Shun Xin Instruments Co., Ltd.), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company;
- “Tenancy Agreements” means the tenancy agreements, all dated 1 January 2010, entered into between the Group and Sunny Group for leases of the premises for a three years term from 1 January 2010 to 31 December 2012; and
- “Tenancy Renewal Agreements” means the tenancy agreements entered into between the Group and Sunny Group on 21 December 2012 for the renewal of the leases of the premises for a three years term from 1 January 2013 to 31 December 2015.

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

PRC, 21 December 2012

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