



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)

ANNOUNCEMENT SUBSCRIPTION AGREEMENT

The Board would like to announce that on 8 December 2008, Sunny Corean entered into the Subscription Agreement with Power Optics and the Covenantors. Pursuant to the Subscription Agreement, Sunny Corean agreed to subscribe for and Power Optics agreed to issue the New Shares. Immediately upon the Closing, Sunny Corean will be interested in approximately 54.9% of the issued share capital of Power Optics as enlarged by the Subscription and Power Optics will become a subsidiary of the Company. It is intended the Closing will take place on 17 December 2008.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules for information purposes only. The Subscription Agreement is still subject to fulfillment of the Conditions and the Company cannot guarantee that the Closing can proceed as scheduled.

SUBSCRIPTION AGREEMENT

The Board would like to announce that on 8 December 2008, Sunny Corean entered into the Subscription Agreement with Power Optics and the Covenantors.

Before the Subscription, Sunny Corean is already a shareholder of Power Optics holding 26,000 Shares, representing approximately 8.56% of the issued share capital of Power Optics. Pursuant to the Subscription Agreement, Sunny Corean agreed to subscribe for and Power Optics agreed to issue the New Shares at a consideration of KRW3,999,918,384 (equivalent to approximately HK\$21,022,328). It is intended by the parties that the Closing will take place on 17 December 2008.

Immediately upon Closing, Sunny Corean will be interested in approximately 54.9% of the issued share capital of Power Optics as enlarged by the Subscription (on the assumption that no further Shares will be issued under any convertible bond granted by Power Optics and without taking into account the Adjustment) and Power Optics will become a subsidiary of the Company.

CONDITIONS PRECEDENT

The Closing shall be conditional upon fulfillment of, among others, the following Conditions:

1. Power Optics's AOI shall be amended to the satisfaction of Sunny Corean;
2. the shareholders of Power Optics shall approve, among others, the changes in the number and composition of directors of Power Optics as contemplated in the Subscription Agreement and the amendments of the Power Optics' AOI as contemplated in the Subscription Agreement;
3. Power Optics shall have reported all internal rules of employment applicable and in force to the Ministry of Labour in Korea as required under applicable laws, rules and regulations and furnish written evidence to such effect to the satisfaction of Sunny Corean;
4. a legal opinion shall be issued by solicitors qualified to practice law in Korea confirming, among others, the legal effects and validity of the Subscription Agreement and the issue of the New Shares; and
5. the holder of a convertible bonds with total face value of KRW500,000,000 issued by Power Optics on 27 March 2006, shall provide an unconditional written consent to the Subscription and to the issue of the New Shares.

MAJOR TERMS OF THE SUBSCRIPTION AGREEMENT

It was agreed, among others, under the Subscription Agreement as follows:

1. Subject to the Closing, the respective shareholdings of Sunny Corean and the Covenantors in Power Optics shall be subject to the Adjustment by means of transferring Shares to each other in the following manner:
 - (a) in the event that the 2009 Profit Before Taxation is higher than 115% of the 2009 Profit Before Taxation Forecast, Sunny Corean shall transfer to the Covenantors an aggregate of 5,480 Shares at the consideration of KRW1 (representing approximately 5% of the Shares held by the Covenantors in aggregate immediately upon Closing);
 - (b) in the event that the 2009 Profit Before Taxation is less than 85% but more than 75% of the 2009 Profit Before Taxation Forecast, the Covenantors shall transfer to Sunny Corean an aggregate of 5,480 Shares at the consideration of KRW1 (representing approximately 5% of the Shares held by the Covenantors in aggregate immediately upon Closing);
 - (c) in the event that the 2009 Profit Before Taxation is less than or equal to 75% of the 2009 Profit Before Taxation Forecast, the Covenantors shall transfer to Sunny Corean an aggregate of 10,960 Shares at the consideration of KRW1 (representing approximately 10% of the Shares held by the Covenantors in aggregate immediately upon Closing);

2. Each of Sunny Corean, the Covenantors and Power Optics undertakes that immediately upon Closing and until the completion of the Adjustment (in case the Adjustment is necessary) or the date on which copies of the 2009 Audited Accounts are furnished (in case the Adjustment is not necessary), whichever is earlier, none of Sunny Corean and the Covenantors shall transfer, charge, mortgage or otherwise encumber any Shares if it will cause Sunny Corean to have less than 5,480 Shares on the one part and the Covenantors to have less than 10,960 Shares on the other part which will otherwise defeat the purpose of the Adjustment;
3. Subject to Closing and other provisions of the Subscription Agreement, if Sunny Corean intends to transfer any of the shares in Power Optics, Sunny Corean shall offer all such Shares by written notice first to other shareholder(s) specifying price, terms and conditions of sale. If other shareholder(s) does not in writing accept the offer within 14 working days from the date of dispatch of such written notice, then Sunny Corean shall thereafter free to dispose of its Shares within 6 months from the date of expiration for the above acceptance, provided that Sunny Corean shall not sell such Shares to any third party either (i) at a lower price than the price at which such Shares were offered to other shareholder(s); or (ii) on other terms or conditions more favorable than those on which Shares were offered to other shareholder(s).

The Subscription Agreement is still subject to fulfillment of the Conditions and the Company cannot guarantee that the Closing can proceed as scheduled.

BACKGROUND OF POWER OPTICS AND REASONS FOR THE SUBSCRIPTION

Power Optics is principally engaged in business of the research, development and sales of various components of cameras for mobile phones. The Board considers that it is in the commercial interests of the Company to enter into the Subscription Agreement to enter into the Korean markets, and to acquire capabilities in designing high resolution lens sets for mobile phones.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Adjustment”	the transfer of Shares from the Covenantors to Sunny Corean or vice-versa upon happening of certain events as more particularly set out in paragraph 1 of the section entitled “Major terms of the Subscription Agreement” in this announcement;
“Board”	the board of directors of the Company;
“Closing”	completion of the Subscription;
“Company”	Sunny Optical Technology (Group) Company Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange;
“Conditions”	the conditions precedent for the Closing as more particular set out in the section entitled “Conditions Precedents” in this announcement;
“Covenantors”	Mr. Kang Won Lee, Mr. Sang Geol Lee, Mr. Jong Jeon and Mr. Byung Sam Lim, all of whom are existing shareholders of Power Optics;
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China;
“Korea”	Republic of Korea;
“KRW”	Korean Won, the lawful currency of the Republic of Korea;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Shares”	312,396 Shares;
“Power Optics”	Power Optics Co., Ltd., a corporation duly incorporated in Korea and has a authorized share capital of KRW5,000,000,000 divided into 1,000,000 Shares of KRW5,000 each;
“Power Optics’ AOI”	the Articles of Incorporation of Power Optics;
“Shares”	the shares in the share capital of Power Optics of KRW5,000 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the New Shares by Sunny Corean contemplated under the Subscription Agreement;

“Subscription Agreement”	the subscription agreement dated 8 December 2008 entered into by Sunny Corean with Power Optics and the Covenantors for subscription of the New Shares;
“Sunny Corean”	Sunny Optical Corean (BVI) Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company;
“2009 Audited Accounts”	the audited accounts of Power Optics for the financial year ending 2009;
“2009 Profit Before Taxation”	the net profit before taxation as shown in the 2009 Audited Accounts;
“2009 Profit Before Taxation Forecast”	the forecast of the net profit before taxation of Power Optics for the financial year ending 2009 as more particularly set out in the Subscription Agreement; and
“%”	per cent.

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

People’s Republic of China, 8 December 2008

As at the date of this announcement, the Board comprises Mr. Wang Wenjian, Mr. Ye Liaoning, Mr. Xie Minghua and Mr. Wu Jingxian, who are executive directors, and Mr. Shao Yang Dong and Mr. Michael David Ricks, who are non-executive directors, and Dr. Chang Mei Dick, Mr. Koji Suzuki, Dr. Liu Xu and Mr. Zhang Yuqing, who are independent non-executive directors.