

**SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LTD:
HOW TO FINANCE THE PAYMENT OF A DIVIDEND, THE CHINESE WAY !**

Between December 31, 2006, and April 30, 2007, the indebtedness of publicly listed Sunny Optical Technology (Group) Company Ltd ([]) (Code: 2382, Main Board, The Stock Exchange of Hongkong Ltd) went from zero to 130 million renminbi.

[The foreign-exchange rate for this analysis is \$HK1.00 = 1.00 renminbi (RMB)]

All of that bank borrowing, the Global Offering Prospectus states at Page 242, was needed as General Working Capital and all of it, save 20 million renminbi, was completely unsecured.

TARGET (), also, notes that, for the Financial Year, ended December 31, 2006, Sunny Optical Technology declared and paid a dividend to the then shareholders of the Company, amounting to 103,215,000 renminbi.

That dividend represented about 62.18 percent of the Net Profit Attributable to Shareholders for that Financial Year.

The 2006-Year's dividend payment was slightly higher than the dividend, paid in the 2005-Year, which was 13,277,000 renminbi, representing about 12.23 percent of the Net Profit Attributable to Shareholders for that Year.

This Company went public on the Main Board of The Stock Exchange of Hongkong Ltd on June 4, 2007, so that the (obviously) new, much-needed cash injection into the General Working Capital Account was obtained within a month or so, prior to the issuance of the Global Offering Prospectus.

Put another way, the then shareholders of the Company wanted to cash out before the public offering lest the window of opportunity close.

Whether or not this is indicative of anything, **TARGET** cannot state, but buried, deep in the bowels of the Prospectus, at Page 252, it is stated:

'As of 31 December 2006, the dividends payable of the Group amounted to approximately RMB236.0 million (approximately HK\$236.0 million) while the Group had nil bank borrowings and its cash and cash equivalents amounted to approximately RMB160.0 million (approximately HK\$160.0 million). As the Group utilised the internal cash resources, including (i) cash and cash equivalents as of 31 December 2006, (ii) cash receipts from trade and other receivables of approximately RMB202.0 million (approximately HK\$202.0 million) as of 31 December 2006; and (iii) cash generated from operations in the first quarter of 2007 for settlement of the dividends payable, the Group replenished its short term working capital by new bank borrowings in April 2007.'

Let **TARGET** Subscribers be the judges.

The Flotation

The flotation of Sunny Optical Technology was a big success, by all accounts, with the 270-million, 10-cent Shares, being generously oversubscribed.

Of the total number of Shares on Offer, 200 million Shares were New Shares, the other 70 million Shares,

being Sale Shares.

The Public Offer Tranche of 27 million Shares was oversubscribed by some 291.60 times, with Management, receiving valid applications for 7,874,009,000 Shares.

The Placing tranche of 173 million Shares was said to have been '*significantly over-subscribed*'.

At the end of the day, Management of Sunny Optical Technology netted about \$HK711 million from the flotation.

That ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*