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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)

PROPOSED ISSUANCE OF U.S.\$600,000,000 3.75 PER CENT. BONDS DUE 2023

Reference is made to the announcement the Company dated 10 January 2018 in respect of the Bonds Issue.

The Board is pleased to announce that on 16 January 2018, the Company entered into the Subscription Agreement with the Managers in connection with the issue and sale of the Bonds.

The estimated net proceeds of the Bonds Issue, after deducting the Managers' commissions and other estimated expenses payable in connection with the Bonds Issue, will be approximately U.S.\$592.8 million.

The Company will seek a listing of the Bonds on the Hong Kong Stock Exchange. The Bonds are expected to be issued on or about 23 January 2018.

The Company intends to use the net proceeds from the Bonds Issue for funding capital expenditures, fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Introduction

Reference is made to the announcement of the Company dated 10 January 2018 in respect of the Bonds Issue. The Board is pleased to announce that on 16 January 2018, the Company entered into the Subscription Agreement with the Managers in connection with the issue and sale of the Bonds.

1. The Subscription Agreement

Date 16 January 2018

Parties

- (1) the Company; and
- (2) Citigroup Global Markets Limited, UBS AG Hong Kong Branch and BNP Paribas (together as the Managers). Citigroup Global Markets Limited and UBS AG Hong Kong Branch are the joint global coordinators, Citigroup Global Markets Limited, UBS AG Hong Kong Branch and BNP Paribas are the joint bookrunners and joint lead managers of the Bonds Issue. To the best of the Directors' knowledge, information and belief, each of the Managers is an Independent Third Party and not a connected person of the Company.

The Bonds have not been, and will not be, registered under the U.S. Securities Act. The Bonds will only be offered outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

2. Use of Net Proceeds

The estimated net proceeds of the Bonds Issue, after deducting the Managers' commissions and other estimated expenses payable in connection with the Bonds Issue, will be approximately U.S.\$592.8 million and the Company intends to use the net proceeds for funding capital expenditures, fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

3. Principal Terms of the Bonds

Issuer: The Company

Offering Type: The Bonds are being offered outside the United States in reliance on Regulation S under the U.S. Securities Act.

Status of the Bonds: The Bonds will constitute direct, unsecured, unconditional and unsubordinated obligations of the Company, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations, at all times rank at least *pari passu* with all its other present and future, unsecured, unconditional and unsubordinated obligations.

Principal Amount:	U.S.\$600,000,000
Form and Denominations:	The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.
Issue Price:	99.603 per cent. of the principal amount of the Bonds
Interest:	The Bonds will bear interest from and including 23 January 2018 at the rate of 3.75 per cent. per annum, payable semi-annually in arrears on each Interest Payment Date on 23 July and 23 January of each year, commencing from 23 July 2018.
Events of Default:	<p>The events of default as provided for in the terms and conditions of the Bonds include, among others, default in payment of principal when due or interest on the Bonds within seven days after the due date for such payment, default in the performance of certain obligations under the Bonds that is incapable of remedy or is not remedied within 30 days after notice by the Trustee and certain events of cross-default, unsatisfied judgment, enforced security, insolvency and winding-up as provided for in the terms and conditions of the Bonds.</p> <p>If any of the events of default as provided in the terms and conditions of the Bonds occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an extraordinary resolution of the holders of the relevant Bonds shall, give written notice to the Company declaring that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest.</p>
Optional Redemption:	The Company may, at any time on giving no less than 30 nor more than 60 days' notice in writing to the Trustee and Bondholders, redeem the Bonds, in whole but not in part, at a Make Whole Redemption Price.
Tax Redemption:	The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in writing to the Bondholders, the Trustee and the Agents (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, for taxation reasons described in condition 6(b) of the terms and conditions of the Bonds.

Repurchase upon a Change of Control:	Upon the occurrence of a Change of Control (as defined in the terms and conditions of the Bonds), the Company will be required to make an offer to repurchase all of the Bonds at a price in cash equal to 101 per cent. of the principal amount of the Bonds to be repurchased, plus accrued and unpaid interest on the principal amount of Bonds being repurchased to but excluding the date of repurchase.
Negative Pledge:	So long as any Bond remains outstanding, the Company will not and will ensure that none of its Subsidiaries (as defined in the terms and conditions of the Bonds) will, create or have outstanding, any mortgage, charge, lien, pledge, encumbrance or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto (i) according to the Bonds equally and ratably the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security for the Bonds as shall be approved by an extraordinary resolution of the Bondholders.
Listing:	The Company will seek a listing of the Bonds on the Hong Kong Stock Exchange.
Ratings:	The Bonds are expected to be rated “Baa2” by Moody’s Investors Service, Inc.
Expected Issue Date:	The Bonds are expected to be issued on or about 23 January 2018.
Governing Law:	English Law

4. General

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

5. Definitions

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

“Agents”	The Hongkong and Shanghai Banking Corporation Limited
“Board”	the board of directors of the Company
“Bondholder(s)”	holder(s) of the Bonds
“Bonds Issue”	the issuance of the Bonds by the Company
“Bonds”	the U.S.\$600,000,000 3.75% bonds due 2023 to be issued by the Company
“Company”	Sunny Optical Technology (Group) Company Limited
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	Parties independent of the Company and its connected persons
“Interest Payment Date”	the date(s) on which interest is payable on the Bonds by the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Make Whole Redemption Price”	has the meaning ascribed to it in the terms and conditions of the Bonds
“Managers”	Citigroup Global Markets Limited, UBS AG Hong Kong Branch and BNP Paribas
“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Relevant Indebtedness”	has the meaning ascribed to it in the terms and conditions of the Bonds

“Subscription Agreement”	the subscription agreement dated 16 January 2018 entered into between the Company and the Managers
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. dollars” or “U.S.\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended

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

Hong Kong, 16 January 2018

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.