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浙 江 玻 璃 股 份 有 限 公 司

ZHEJIANG GLASS COMPANY, LIMITED

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 739)**

**(Administrator appointed under the Enterprise Bankruptcy Law of the PRC)**

- (A) Commence of bankruptcy proceedings against the Company, appointment of administrator and application for debtor restructuring under the Enterprise Bankruptcy Law of the PRC; and**
- (B) conviction of a director of the Company in respect of economic offences**

The Company would announce that on 25 June 2012, a bank creditor served a petition for bankruptcy proceedings against the Company at the Local Court. In respect of such proceedings, on 28 June 2012, the Local Court approved the appointment of the Administrator and accepted the Company's application for a debtor restructuring. By an order dated 26 July 2012 and given by the Local Court, certain subsidiaries of the Company have also been included as entities to be subject to the restructuring proposal applicable to the Company.

The Company was also notified by the Administrator that Mr Feng Guangcheng, an executive director of the Company was convicted of the criminal offence of unlawfully accepting funds from the public in the PRC, and was sentenced to imprisonment of eight years and six months. The Administrator is taking steps to ascertain whether Mr Feng has to be removed from his office of director of the Company.

**Shareholders and the investing public should exercise caution when dealing in shares and/or securities in the Company.**

- (A) Bankruptcy proceedings made against the Company, appointment of Administrator and the Local Court accepting the Company's application for a debtor restructuring**

On 28 June 2012, Zhejiang Yueguang Law Firm ("Administrator", 浙江越光律師事務所) was appointed by the Intermediate People's Court of Shaoxing City, Zhejiang Province

(“Local Court”, 浙江省紹興市中級人民法院) of the People’s Republic of China (“PRC”) as the administrator (管理人) of Zhejiang Glass Company, Limited (“Company”).

The Administrator was appointed by the Local Court in accordance with the Enterprise Bankruptcy Law (企業破產法) of the PRC.

The bankruptcy proceedings against the Company were commenced on 25 June 2012 by a bank creditor of the Company, who claimed that the indebtedness (inclusive of interests) in the sum of about RMB233.8 million owing by the Company to such creditor was overdue. Such bank creditor claimed that the Company’s assets were not enough to pay off all the debts owing by the Company to such creditor. In such connection, the Administrator has been appointed by the Local Court to act as the administrator of the Company and to perform such functions and powers conferred under the Enterprise Bankruptcy Law of the PRC. However, as there is restructuring value for the Company, the Local Court accepted that the Company was eligible for debtor restructuring (債務人重整) and accepted the Company’s application for a debtor restructuring . The Local Court also allowed the Company to continue carrying on its business prior to the holding of the first creditors’ meeting of the Company. Such meeting is tentatively scheduled for 22 September 2012. By an order given by the Local Court, the management of its assets and conduct of its business by the Company shall be under the supervision of the Administrator.

By an order dated 26 July 2012 and given by the Local Court (after taking into account the common management, parent-subsidiary and fellow-subsidiaries relationship, source of fundings, business operations and the financial relationship among the Company and such subsidiaries), four subsidiaries of the Company (namely, Zhejiang Engineering Glass Company Limited, Zhejiang Changxing Glass Company Limited, Zhejiang Pinghu Glass Company Limited and Zhejiang Shaoxing Taoyan Glass Company Limited) have also been included as entities to be subject to the restructuring proposal applicable to the Company.

Under the Enterprise Bankruptcy Law of the PRC, the debtor restructuring proposal is required to be submitted to the Local Court for approval within six months (or, where the Local Court permits, a further extended period of three months) from the date of the Local Court first accepting the Company’s application for a debtor restructuring . If the restructuring proposal is not approved by the Local Court, the proceedings concerning the proposed restructuring will be terminated and the Company will be declared bankrupt.

The Administrator is now in the processing of ascertaining the financial position of the Company.

#### **(B) Conviction of a director of the Company in respect of economic offences**

The Company was also notified by the Administrator that Mr Feng Guangcheng (“Mr Feng”, an executive director of the Company), together with certain senior management of Guangyu Group Company Limited (“Guangyu Group”, 光宇集團有限公司) was convicted of the criminal offence of unlawfully accepting funds from the public (向公眾非法吸收存款) in the PRC.

According to a judgement made by the People’s Court of Shaoxing County, Zhejiang Province of the PRC in February 2012, Mr Feng was found to solicit funds unlawfully from

the public in the PRC. The funds purported to have been raised at different points of time amounted to billions of Renminbi. The amount of funds which were raised but could not be repaid was about RMB1,048.7 million. There were also findings that Mr Feng purported to use the name of Guangyu Group and the Company to raise funds unlawfully.

On the above grounds, Mr Feng was sentenced to imprisonment for a term of eight years and six months.

The Administrator is taking steps to ascertain whether Mr Feng has to be removed from his office of director of the Company.

**Shareholders and the investing public should exercise caution when dealing in shares and/or securities in the Company.**

For and on behalf of  
**Zhejiang Glass Company, Limited**  
(Administrator appointed under the  
Enterprise Bankruptcy Law of the PRC)  
Zhejiang Yueguang Law Firm,  
Administrator

Zhejiang Province, the People's Republic of China, 10 August 2012

*As at the date of this announcement, the Board comprises the following Directors: (a) as executive Directors, Mr Feng Guangcheng, Ms Hong Yumei, Mr Zhang Shutao, Mr Shen Guangjun and Mr Jiang Liqiang, (b) as non-executive Directors, Mr Liu Jianguo and Ms Chen Rong, and (c) as independent non-executive Directors, Mr Wang Yanmou, Dr Li Jun, Mr Su Gongmei and Mr Zhou Guochun.*

*Under the PRC Company Law, the above directors are subject to retirement upon the expiry of three years from the Company's annual general meeting held on 29 June 2007. They are eligible for re-election at the annual general meeting which was supposed to be held in 2010. As the Company's annual results for the financial year ended 31 December 2009 has not been released, the annual general meetings of the Company which should have been held in 2010, 2011 and 2012 have not yet been held. The Administrator is of the view that any retirement, resignation, election and/or appointment of a director of a PRC company is subject to the approval of its shareholders, and accordingly the above directors have been remaining in office as directors of the Company up to the date of this announcement.*