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## **CHINA GLASS HOLDINGS LIMITED**

**中國玻璃控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 3300)**

### **DISCLOSEABLE TRANSACTIONS**

### **FINANCE LEASE ARRANGEMENTS**

The Board would like to announce that on 31 July 2020, Shaanxi CNG and the Lessor entered into the Finance Lease Arrangements, pursuant to which the Lessor agreed, among other things, to (i) purchase the First Leased Assets and the Second Leased Assets from Shaanxi CNG at the consideration of RMB60 million and RMB60 million respectively, and (ii) lease back the First Leased Assets and the Second Leased Assets to Shaanxi CNG for a period of thirty-six (36) months with the aggregate lease payment of approximately RMB64.63 million and RMB64.63 million respectively, which are to be payable by Shaanxi CNG to the Lessor in twelve (12) equal instalments.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements exceed 5% but are all less than 25%, the Finance Lease Arrangements constitute discloseable transactions of the Company under the Listing Rules and are therefore subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

## **THE FIRST FINANCE LEASE ARRANGEMENT**

The principal terms of the First Finance Lease Agreement are set out below:

Date: 31 July 2020

Parties:

- (1) the Lessor; and
- (2) Shaanxi CNG

### **Purchase of the First Leased Assets**

As part of the First Finance Lease Arrangement, Shaanxi CNG agreed to sell, and the Lessor agreed to purchase, the First Leased Assets owned by Shaanxi CNG at a consideration of RMB60 million (the “**First Purchase Price**”). The First Purchase Price was determined after arm’s length negotiations between the parties to the First Finance Lease Agreement with reference to the assessed net asset value of the First Leased Assets, which is approximately RMB60.06 million.

### **Lease back of the First Leased Assets**

As part of the First Finance Lease Arrangement, the First Leased Assets will be leased back to Shaanxi CNG for a period of thirty six (36) months.

### **First Lease Payments**

The aggregate lease payments (the “**First Lease Payments**”) payable by Shaanxi CNG to the Lessor under the First Finance Lease Agreement shall be approximately RMB64.63 million, payable in twelve (12) equal instalments during the Lease Period in accordance with the payment schedule in the First Finance Lease Agreement, comprising (i) the principal amount of RMB60 million, which is equal to the First Purchase Price; and (ii) interest payments of approximately RMB4.63 million, estimated based on an annual interest rate of approximately 4.65% (determined and may be adjusted with reference to the benchmark interest rate for RMB loans with the same maturity as the Lease Period as promulgated by the People’s Bank of China from time to time). As part of the First Finance Lease Arrangement, Shaanxi CNG shall pay the lease management service fee of RMB1.2 million to the Lessor (the “**First Service Fee**”) for the provision of, *inter alia*, knowledge of financing business training, design on financing transaction structure and arrangement, financing planning and industry analysis. The First Lease Payments and the First Service Fee were determined after arm’s length negotiations between the parties to the First Finance Lease Agreement with reference to the prevailing market rates for finance lease arrangements for similar assets.

**Ownership of the First Leased Assets**

The ownership of the First Leased Assets under the First Finance Lease Agreement will be vested in the Lessor throughout the Lease Period. At the end of the Lease Period and subject to payment by Shaanxi CNG of (i) all amounts due under the First Finance Lease Agreement; and (ii) a nominal repurchase price of RMB10,000, the ownership of the First Leased Assets will be transferred back to Shaanxi CNG.

**Early Termination**

During the Lease Period, Shaanxi CNG may serve a three (3) months’ written notice to the Lessor requesting for an early termination of the First Finance Lease Agreement. Subject to the agreement of the Lessor, Shaanxi CNG shall make a payment in full to the Lessor of the following: (i) all of the outstanding First Lease Payments, and other payables under the First Finance Lease Agreement, that has been due; (ii) the principal portion of the undue First Lease Payments; and (iii) 5% of the principal portion of the undue First Lease Payments. Upon receipt of all the above payment by the Lessor, the First Finance Lease Agreement shall be terminated. Upon the payment by Shaanxi CNG of a nominal repurchase price of RMB10,000, the ownership of the First Leased Assets shall be transferred to Shaanxi CNG.

**THE SECOND FINANCE LEASE ARRANGEMENT**

The principal terms of the Second Finance Lease Agreement are set out below:

Date: 31 July 2020

Parties:

- (1) the Lessor; and
- (2) Shaanxi CNG

## **Purchase of the Second Leased Assets**

As part of the Second Finance Lease Arrangement, Shaanxi CNG agreed to sell, and the Lessor agreed to purchase, the Second Leased Assets owned by Shaanxi CNG at a consideration of RMB60 million (the “**Second Purchase Price**”). The Second Purchase Price was determined after arm’s length negotiations between the parties to the Second Finance Lease Agreement with reference to the assessed net asset value of the Second Leased Assets, which is approximately RMB60.43 million.

## **Lease back of the Second Leased Assets**

As part of the Second Finance Lease Arrangement, the Second Leased Assets will be leased back to Shaanxi CNG for a period of thirty six (36) months.

## **Second Lease Payments**

The aggregate lease payments (the “**Second Lease Payments**”) payable by Shaanxi CNG to the Lessor under the Second Finance Lease Agreement shall be approximately RMB64.63 million, payable in twelve (12) equal instalments during the Lease Period in accordance with the payment schedule in the Second Finance Lease Agreement, comprising (i) the principal amount of RMB60 million, which is equal to the Second Purchase Price; and (ii) interest payments of approximately RMB4.63 million, estimated based on an annual interest rate of approximately 4.65% (determined and may be adjusted with reference to the benchmark interest rate for RMB loans with the same maturity as the Lease Period as promulgated by the People’s Bank of China from time to time). As part of the Second Finance Lease Arrangement, Shaanxi CNG shall pay the lease management service fee of RMB1.2 million to the Lessor (the “**Second Service Fee**”) for the provision of, *inter alia*, knowledge of financing business training, design on financing transaction structure and arrangement, financing planning and industry analysis. The Second Lease Payments and the Second Service Fee were determined after arm’s length negotiations between the parties to the Second Finance Lease Agreement with reference to the prevailing market rates for finance lease arrangements for similar assets.

## **Ownership of the Second Leased Assets**

The ownership of the Second Leased Assets under the Second Finance Lease Agreement will be vested in the Lessor throughout the Lease Period. At the end of the Lease Period and subject to payment by Shaanxi CNG of (i) all amounts due under the Second Finance Lease Agreement; and (ii) a nominal repurchase price of RMB10,000, the ownership of the Second Leased Assets will be transferred back to Shaanxi CNG.

## **Early Termination**

During the Lease Period, Shaanxi CNG may serve a three (3) months' written notice to the Lessor requesting for an early termination of the Second Finance Lease Agreement. Subject to the agreement of the Lessor, Shaanxi CNG shall make a payment in full to the Lessor of the following: (i) all of the outstanding Second Lease Payments, and other payables under the Second Finance Lease Agreement, that has been due; (ii) the principal portion of the undue Second Lease Payments; and (iii) 5% of the principal portion of the undue Second Lease Payments. Upon receipt of all the above payment by the Lessor, the Second Finance Lease Agreement shall be terminated. Upon the payment by Shaanxi CNG of a nominal repurchase price of RMB10,000, the ownership of the Second Leased Assets shall be transferred to Shaanxi CNG.

## **THE GUARANTEE BY TRIUMPH GROUP COMPANY**

In connection with the Finance Lease Arrangements, Triumph Group Company agreed to provide corporate guarantee in favour of the Lessor for the liabilities of Shaanxi CNG under the First Finance Lease Agreement and the Second Finance Lease Agreement.

## **REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS**

The terms of the Finance Lease Arrangements, including the First Purchase Price, the First Lease Payments, the First Service Fee, the Second Purchase Price, the Second Lease Payments and the Second Service Fee were determined after arm's length negotiations with reference to the average fair market price of similar assets and the prevailing market rates for finance lease arrangements for similar assets. The Directors are of the view that the Group will be able to replenish the operating cash of Shaanxi CNG through the Finance Lease Arrangements and that the terms and conditions of the Finance Lease Arrangements are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## **INFORMATION ABOUT THE RELEVANT PARTIES**

### **The Company and the Group**

The Company is an investment holding company. The Group is one of China's leading manufacturers of flat glass, specialised in the research and development, manufacturing and selling of a variety of building coated glass, energy-efficient and environmental-friendly glass and new-energy products, in which it occupies a leading technological position.

Shaanxi CNG is an indirect non wholly-owned subsidiary of the Company. Shaanxi CNG is a limited liability company incorporated in the PRC and is principally engaged in the business of the production, marketing and distribution of float glass and glass products.

### **The Lessor**

The Lessor is a limited liability company incorporated in the PRC and is principally engaged in financial leasing business in the PRC. The Lessor is a 50%-owned associated company of China Railway Construction Corporation Limited, a company listed on both the main board of the Stock Exchange (Stock Code: 1186) and the Shanghai Stock Exchange (Stock Code: 601186), together with other corporate shareholders each holding less than 30% of equity interest in the Lessor.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as otherwise disclosed in this announcement, the Lessor and its ultimate beneficial owner(s) are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements exceed 5% but are all less than 25%, the Finance Lease Arrangements constitute discloseable transactions of the Company under the Listing Rules and are therefore subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	China Glass Holdings Limited (中國玻璃控股有限公司) *, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 3300)
“Director(s)”	the director(s) of the Company
“Finance Lease Arrangements”	the First Finance Lease Arrangement and the Second Finance Lease Arrangement

“First Finance Lease Agreement”	the first finance lease agreement entered into between Shaanxi CNG and the Lessor on 31 July 2020, pursuant to which (i) Shaanxi CNG agreed to sell, and the Lessor agreed to purchase, the First Leased Assets owned by Shaanxi CNG; and (ii) the First Leased Assets will be leased back to Shaanxi CNG for a period of thirty-six (36) months
“First Finance Lease Arrangement”	the arrangements contemplated under the First Finance Lease Agreement
“First Leased Assets”	certain segments of the industrial railway for the float glass production of Shaanxi CNG
“Group”	the Company and its subsidiaries
“Independent Third Parties”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and is/are third party independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“Lease Period”	thirty-six (36) months commencing from the date on which the relevant purchase prices are paid by the Lessor
“Lessor”	CRCC Financial Leasing Co., Ltd. (中鐵建金融租賃有限公司), a company incorporated in the PRC with limited liability



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Finance Lease Agreement”	the second finance lease agreement entered into between Shaanxi CNG and the Lessor on 31 July 2020, pursuant to which (i) Shaanxi CNG agreed to sell, and the Lessor agreed to purchase, the Second Leased Assets owned by Shaanxi CNG; and (ii) the Second Leased Assets will be leased back to Shaanxi CNG for a period of thirty-six (36) months
“Second Finance Lease Arrangement”	the arrangements contemplated under the Second Finance Lease Agreement
“Second Leased Assets”	certain segments of the industrial railway for the float glass production of Shaanxi CNG
“Shaanxi CNG”	Shaanxi CNG New Technology Company Limited* (中玻(陝西)新技術有限公司), a limited liability company incorporated under the Laws of the PRC and an indirect non wholly-owned subsidiary of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time

“Share(s)”	ordinary share(s) of par value HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triumph Group Company”	Triumph Science & Technology Group Co., Ltd.* (凱盛科技集團有限公司), a limited liability company incorporated under the Laws of the PRC and a substantial Shareholder
“%”	per cent.

*In this announcement, unless the context requires otherwise, the terms “connected person(s)”, “percentage ratio(s)”, “substantial shareholder(s)” and “subsidiary(ies)”, shall have the meaning given to such terms in the Listing Rules.*

By Order of the Board  
**China Glass Holdings Limited**  
**Cui Xiangdong**  
*Executive Director*

Hong Kong, 31 July 2020

As at the date of this announcement, the directors of the Company are as follows:

*Executive Director:*

Mr. Cui Xiangdong

*Non-executive Directors:*

Mr. Peng Shou (*Chairman*); Mr. Zhao John Huan; Mr. Zhou Cheng (*Honorary Chairman*); and Mr. Zhang Jinshu

*Independent Non-executive Directors:*

Mr. Zhang Baiheng; Mr. Zhao Lihua; and Mr. Chen Huachen

\* *For identification purpose only*