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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)

CONNECTED TRANSACTION – XIANYANG FLUE GAS TREATMENT CONTRACT

On 6 August 2020, Xianyang CNG entered into the Xianyang Flue Gas Treatment Contract with Shenzhen Triumph Technology Engineering, pursuant to which Shenzhen Triumph Technology Engineering was engaged by Xianyang CNG to provide construction services for the modification and upgrade of the flue gas treatment system of Xianyang CNG, including detailed design and planning for the project, equipment and material procurement, and installation and testing of the upgraded system.

LISTING RULES IMPLICATIONS

Triumph Group Company, a substantial Shareholder, is a connected person of the Company under the Listing Rules. Shenzhen Triumph Technology Engineering is an associate of Triumph Group Company under the Listing Rules. Accordingly, the Xianyang Flue Gas Treatment Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In addition to the Xianyang Flue Gas Treatment Contract, the Group had previously entered into the Existing Triumph Group Contracts with the Triumph Group. As the transactions were conducted on normal commercial terms and each of the applicable percentage ratios with respect to each of the Existing Triumph Group Contracts was less than 0.1% or less than 5% but the total consideration was less than HK\$3,000,000, each of them constituted a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and were fully exempted from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. As the Existing Triumph Group Contracts involve the consultation and design of engineering projects by the Triumph Group to the Group, the consideration of the Existing Triumph Group Contracts, together with the Xianyang Flue Gas Treatment Contract, are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Xianyang Flue Gas Treatment Contract, when aggregated with the Existing Triumph Group Contracts, exceed 0.1% but all are less than 5%, the Xianyang Flue Gas Treatment Contract is subject to the announcement and annual reporting requirements but are exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 6 August 2020, Xianyang CNG entered into the Xianyang Flue Gas Treatment Contract with Shenzhen Triumph Technology Engineering, pursuant to which Shenzhen Triumph Technology Engineering was engaged by Xianyang CNG to provide construction services for the modification and upgrade of the flue gas treatment system of Xianyang CNG, including detailed design and planning for the project, equipment and material procurement, and installation and testing of the upgraded system.

THE XIANYANG FLUE GAS TREATMENT CONTRACT

Date

6 August 2020

Parties

- (1) Xianyang CNG, as the hirer
- (2) Shenzhen Triumph Technology Engineering, as the contractor

Scope of services

Pursuant to the Xianyang Flue Gas Treatment Contract, Shenzhen Triumph Technology Engineering shall act as the main contractor to provide construction services for the modification and upgrade of the flue gas treatment system of Xianyang CNG, including detailed design and planning for the project, equipment and material procurement, and installation and testing of the system. Under the Xianyang Flue Gas Treatment Contract, the works engaged by Shenzhen Triumph Technology Engineering include (i) sourcing of components and construction materials for the flue gas treatment system, (ii) detailed design and planning for the glass furnace's flue gas treatment system of Xianyang CNG, and (iii) installation, testing and quality checking for the glass furnace's flue gas treatment system of Xianyang CNG.

Contract price

The total contract price under the Xianyang Flue Gas Treatment Contract for the services is RMB13.12 million, consisting of costs of design and planning, equipment and materials fee, and installation fee.

The contract price was arrived at after arm's length negotiation between Xianyang CNG and Shenzhen Triumph Technology Engineering having considered the expected cost for other independent contractors providing such services including, among other things, the cost of design, sourcing of components and materials, labour and technical advice on upgrading of the glass furnace's flue gas treatment system of Xianyang CNG, as well as the quotations obtained by Xianyang CNG from other independent contractors for works of similar nature.

Payment terms

Xianyang CNG will make instalment payments to Shenzhen Triumph Technology Engineering based on the progress of the works completed by the relevant contracting parties in accordance with the terms of the Xianyang Flue Gas Treatment Contract at the following stages: (i) within seven days after signing of the Xianyang Flue Gas Treatment Contract, (ii) within seven days after the delivery of the main equipment, (iii) within seven days after the inspection-based check and acceptance of the project, and (iv) within the thirteenth month after the inspection-based check and acceptance of the project.

INFORMATION ON THE GROUP AND THE PARTIES TO THE XIANYANG FLUE GAS TREATMENT CONTRACT

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.

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

Shenzhen Triumph Technology Engineering

Shenzhen Triumph Technology Engineering is a wholly-owned subsidiary of CBMIE Group. Shenzhen Triumph Technology Engineering is a technology company with energy saving and emission reduction engineering technology as its core technology. The company has a high-level professional design, research and development team, which possesses extensive experience in environmental protection improvement of glass production lines. A number of technologies and equipment designed and developed by the team have been widely used, such as the waste-heat power generation engineering technology for float glass furnace, furnace flue gas desulfurization, dust removal and denitrification engineering technology, glass material engineering technology and thermal energy-saving equipment.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Group has, in recent years, arranged flue gas treatment to its production lines in line with its commitment to contribute to environmental protection and to comply with the ever-changing legal framework on environmental protection in the PRC. Building on the flue gas treatment system of Xianyang CNG, the upgrading of the system will further enhance the effectiveness and efficiency of the treatment system and ensure compliance with the new environmental protection requirements recently implemented in the PRC.

Shenzhen Triumph Technology Engineering is an established engineering company in the aspect of environmental protection-related engineering projects and a leading player for construction of flue gas treatment projects and systems. The Company considers that experience and expertise of Shenzhen Triumph Technology Engineering, and their experience in installing the existing flue gas treatment system of Xianyang CNG will provide good project management and assurance on the quality of work.

DISCLOSURE OF DIRECTORS' INTERESTS

Mr. Peng Shou (“**Mr. Peng**”), the Chairman and a Non-executive Director of the Company, is the legal representative, secretary of the party committee, chairman of the board and general manager of Triumph Group Company; and Mr. Zhang Jinshu (“**Mr. Zhang**”), a Non-executive Director of the Company, is the vice director of the development and investment department of Triumph Group Company. Although Mr. Peng and Mr. Zhang have no material interest in the Xianyang Flue Gas Treatment Contract, they have abstained from voting in the relevant resolutions approving the above contract for better corporate governance practice.

The Directors (including the Independent Non-executive Directors and except for Mr. Peng and Mr. Zhang) are of the view that the entering into the Xianyang Flue Gas Treatment Contract is in the ordinary course of business of the Group and in the interest of the Company and the Shareholders as a whole; and the terms and conditions of the Xianyang Flue Gas Treatment Contract are on normal commercial terms, fair and reasonable.

LISTING RULES IMPLICATIONS

Triumph Group Company, a substantial Shareholder, is a connected person of the Company under the Listing Rules. Shenzhen Triumph Technology Engineering is an associate of Triumph Group Company under the Listing Rules. Accordingly, the Xianyang Flue Gas Treatment Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In addition to the Xianyang Flue Gas Treatment Contract, the Group had previously entered into the Existing Triumph Group Contracts with Triumph Group. As the transactions were conducted on normal commercial terms and each of the applicable percentage ratios with respect to each of the Existing Triumph Group Contracts was less than 0.1% or less than 5% but the total consideration was less than HK\$3,000,000, each of them constituted a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and were fully exempted from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. As the Existing Triumph Group Contracts involve the consultation and design of engineering projects by the Triumph Group to the Group, the consideration of the Existing Triumph Group Contracts, together with the Xianyang Flue Gas Treatment Contract, are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Xianyang Flue Gas Treatment Contract, when aggregated with the Existing Triumph Group Contracts, exceed 0.1% but all are less than 5%, the Xianyang Flue Gas Treatment Contract is subject to the announcement and annual reporting requirements but are exempted from independent Shareholders' approval requirement under Chapter 14A 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
“CBMIE Group”	China Building Materials International Engineering Group Co., Ltd.* (中國建材國際工程集團有限公司), a limited liability company incorporated under the Laws of the PRC and a non wholly-owned subsidiary of CNBM Group Corporation
“CNBM Group Corporation”	China National Building Material Group Co., Ltd.* (中國建材集團有限公司), a limited liability company incorporated under the Laws of the PRC
“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
“Existing Triumph Group Contracts”	a total of four separate contracts previously entered into between the Group and members of the Triumph Group whereby three contracts were signed in July 2020 and one contract was signed in June 2020 involving the consultation and design of engineering projects

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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, Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holders 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
“Shenzhen Triumph Technology Engineering”	Shenzhen Triumph Technology Engineering Co., Ltd* (深圳市凱盛科技工程有限公司), a limited liability company incorporated under the Laws of the PRC and a wholly-owned subsidiary of CBMIE Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triumph Group”	Triumph Group Company and its associates
“Triumph Group Company”	Triumph Science & Technology Group Company Limited* (凱盛科技集團有限公司), a limited liability company incorporated under the Laws of the PRC, a substantial Shareholder and a wholly-owned subsidiary of CNBM Group Corporation

“Xianyang CNG”	Xianyang CNG Coated Glass Limited* (中玻(咸陽)鍍膜玻璃有限公司), a limited liability company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“Xianyang Flue Gas Treatment Contract”	the construction contract entered into between Xianyang CNG and Shenzhen Triumph Technology Engineering on 6 August 2020, pursuant to which Xianyang CNG agreed to hire and Shenzhen Triumph Technology Engineering agreed to provide construction services for the modification and upgrade of the flue gas treatment system of Xianyang CNG
“%”	per cent.

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(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, 6 August 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*