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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 EQUITY TRANSFER AGREEMENT**

## **THE EQUITY TRANSFER AGREEMENT**

On 30 November 2022, the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell, 40% equity interest in the Target Company for the Consideration of RMB39,547,880.

## **LISTING RULES IMPLICATIONS**

Mr. Zhao John Huan is a non-executive Director. The Seller is a 30%-controlled company and an associate of Mr. Zhao John Huan and a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all are less than 5%, the Acquisition is subject to the announcement and annual reporting requirements but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE ACQUISITION**

On 30 November 2022, the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell, 40% equity interest in the Target Company for the Consideration of RMB39,547,880.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

30 November 2022

### **Parties**

- (1) the Seller; and
- (2) the Purchaser

### **Consideration**

The Consideration was determined upon arm's length negotiations between the parties to the Equity Transfer Agreement based on the appraised values of the net assets of the Target Company as at 31 July 2022, as determined by an independent valuer.

The Consideration shall be paid by the Purchaser to the Seller within 15 Business Days upon Completion, after deducting any amount of relevant tax required to be withheld and paid by the Purchaser.

## **Conditions Precedent**

The Completion is conditional on the fulfilment (or waiver, if applicable) of the following conditions precedent on or before the end date of 31 January 2023 (or such later date as the contracting parties may agree in writing):

- (i) the representations, warranties and undertakings provided under the Equity Transfer Agreement remaining true, accurate and complete;
- (ii) the parties having performed and complied with all undertakings and obligations that are required to be performed or complied with by them respectively as provided under the Equity Transfer Agreement on or before the Completion;
- (iii) the Purchaser and the Target Company having completed the relevant filing and registration of change at the relevant competent commerce (if applicable) and market supervision departments in respect of the Acquisition; and
- (iv) (in respect of a separate equity transfer between the Seller and a third party purchaser) under the urge of the Seller, the Target Company and a third party purchaser having concurrently completed the relevant filing and registration of change at the relevant competent commerce (if applicable) and market supervision departments in respect of the relevant equity transfer.

## **Completion**

The Completion shall take place when all the conditions precedent as set out in the section “Conditions Precedent” above have been fulfilled or waived (as applicable).

## **Other Equity Transfer by the Seller**

Prior to the Equity Transfer Agreement, the Seller held an aggregate 55.14% equity interest in the Target Company. The Seller is contemplating to separately enter into an equity transfer agreement with a third party purchaser in respect of an equity transfer for the other 15.14% equity interests held by the Seller in the Target Company based on the same valuation as the one used to determine the Consideration.

If the Seller and the third party purchaser fail to sign a valid agreement in respect of the remaining 15.14% equity interest in the Target Company before 15 December 2022, or such later date as agreed by the Purchaser and the Seller, the Purchaser is interested in acquiring the aforesaid equity interest of the Target Company on the same terms as provided under the Equity Transfer Agreement. If the parties agree to proceed with the further acquisition, subject to the other shareholder of the Target Company waiving its right of first refusal (if applicable), the Purchaser and the Seller shall sign a separate agreement to effectuate such transfer.

## **INFORMATION ABOUT THE RELEVANT PARTIES**

### **The Company, the Purchaser 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.

The Purchaser is an indirect wholly-owned subsidiary of the Company. The Purchaser is a limited liability company incorporated in the PRC and is principally engaged in investment holding, and the business of the procurement, marketing and distribution of glass products and raw materials.

## **The Seller**

The Seller is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding.

The Seller is indirectly wholly-owned by Hony Capital Fund 2008, L.P. (“**Hony Capital Fund**”). Hony Capital Fund is held as to 1.06% and 14.31% equity interest by Hony Capital Fund 2008 GP LP (“**Hony Capital GP**”) and Right Lane Limited (“**Right Lane**”), respectively, with the remaining interest held by a diverse group of limited partners each holding no more than a 10% equity interest. Hony Capital GP is indirectly wholly-owned by Hony Group Management Limited, which in turn is held as to 80% and 20% equity interest by Hony Managing Partners Limited (“**Hony Managing Partners**”) and Right Lane, respectively. Hony Managing Partners is wholly-owned by Exponential Fortune Group Limited, which is held as to 49% equity interest by Mr. Zhao John Huan (“**Mr. Zhao**”) with the remaining interests held by two other Independent Third Party shareholders each holding less than a 30% equity interest. Mr. Zhao is a non-executive Director. Right Lane is a wholly-owned subsidiary of Legend Holdings Corporation, a company whose shares are listed on the main board of the Stock Exchange.

## **The Target Company**

The Target Company is a limited liability company incorporated in the PRC. The Target Company is a special float glass factory located in the PRC specialized in the manufacturing of borosilicate glass.

As at the date of this announcement, the Target Company is held as to 55.14% and 44.86% equity interest by the Seller and China Yaohua Glass Group Limited\* (中國耀華玻璃集團有限公司) (“**Yaohua Glass**”), respectively. Yaohua Glass is held as to approximately 56.82% equity interest by Triumph Science & Technology Group Co., Ltd.\* (凱盛科技集團有限公司) (“**Triumph Group Company**”, a substantial Shareholder) with the remaining interests held by two other Independent Third Party shareholders each holding less than a 30% equity interest.

## Financial Information of the Target Company

Set out below is certain audited financial information of the Target Company for the financial years ended 31 December 2020 and 2021, respectively:

	For the year ended	
	31 December	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	19,539	212
Profit after tax	16,962	481

The audited net asset value of the Target Company as at 31 July 2022 amounted to approximately RMB77.185 million. The difference between the audited net asset value and the appraised net asset value of the Target Company by the independent valuer of approximately RMB98.870 million is mainly due to the increase in the appraised fair value of certain assets of the Target Company, which mainly include fixed assets, intangible assets (primarily land use right assets) and inventory, as compared to their respective book value.

The Target Company's significant decrease in profit for the year ended 31 December 2021 as compared with that in the corresponding period in 2020, was mainly due to certain R&D innovation investment was recorded as a one-time non-recurring expense into the profit and loss account of the Target Company during the year ended 31 December 2021.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group focuses on the main business of float glass and adheres to the long-term development strategy of "growth through merger and acquisition", where the Group actively explores domestic and foreign high-quality investment projects to expand the Group's glass production business. The Target Company possesses the core technology of borosilicate float glass production process and is the first borosilicate float glass manufacturer in the PRC with completely independent intellectual property rights. The Target Company has two borosilicate float glass production lines with a daily melting capacity of 30 tons and 45 tons respectively. The main product of the Target Company is borosilicate glass 3.3, which is widely-used due to its good thermal stability, chemical stability and photoelectric properties in the fields of chemical industry, aerospace, military, family and medical treatment etc., and its prospect of development is broad. The Acquisition is an important step for the Group to actively participate in diversified business operations and continuously expand the fields of new glass, new energy and new materials, and is expected to bring new income growth points to the Group.

## **DISCLOSURE OF DIRECTORS' INTERESTS**

Mr. Zhao, a non-executive Director, has voluntarily abstained from voting on the relevant Board's resolutions approving the Acquisition. In addition, Mr. Peng Shou ("**Mr. Peng**"), the chairman and a non-executive Director of the Company, is the legal representative and chairman of the board of Triumph Group Company; and Mr. Zhang Jinshu ("**Mr. Zhang**"), a non-executive Director of the Company, is the director of the securities department of Triumph Group Company. Although Mr. Peng and Mr. Zhang have no material interest in the Acquisition, they have abstained from voting on the relevant Board's resolutions approving the Acquisition for better corporate governance practice.

The Board (excluding Mr. Zhao, Mr. Peng and Mr. Zhang) considers that entering into the Equity Transfer Agreement and the transactions contemplated thereunder are in the ordinary and usual 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 Equity Transfer Agreement are on normal commercial terms, fair and reasonable.

## **LISTING RULES IMPLICATIONS**

Mr. Zhao is a non-executive Director. The Seller is a 30%-controlled company and an associate of Mr. Zhao and a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all are less than 5%, the Acquisition is subject to the announcement and annual reporting requirements but is exempt from the circular and independent Shareholders' approval requirements 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:

“Acquisition”	the conditional acquisition of 40% equity interest in the Target Company by the Purchaser from the Seller pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Business Day”	a day other than Saturday or Sunday on which commercial banks are open for business in Hong Kong and 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)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement after the conditions precedent of the Equity Transfer Agreement have been fulfilled or waived (as applicable)
“Consideration”	the consideration of RMB39,547,880 in respect of the Acquisition
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 30 November 2022 entered into between the Purchaser and the Seller in relation to the Acquisition
“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
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and the connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	China Glass Investment Limited* (中玻投資有限公司), a limited liability company incorporated under the Laws of the PRC and an indirect wholly-owned subsidiary of the Company
“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
“Seller”	Fame Talent Holdings Limited (輝碩控股有限公司), a limited liability company incorporated in Hong Kong
“Share(s)”	ordinary share(s) of par value HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Qinhuangdao Scinan Specialty Glass Co., Ltd.* (秦皇島弘華特種玻璃有限公司), limited liability company incorporated under the Laws of the PRC
“%”	per cent.

*In this announcement, unless the context requires otherwise, the terms “30%-controlled company”, “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**  
**Lyu Guo**  
*Executive Director*

Hong Kong, 30 November 2022

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

*Executive Director:*

Mr. Lyu Guo (*Chief Executive Officer*)

*Non-executive Directors:*

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

*Independent Non-executive Directors:*

Mr. Zhang Baiheng; Mr. Wang Yuzhong; and Mr. Chen Huachen

\* *For identification purpose only*