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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 TRANSACTION

FINANCE LEASE ARRANGEMENT

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The Board would like to announce that on 20 February 2023, Linyi CNG and the Lessor entered into the Finance Lease Arrangement, involving the Transfer Agreement and the Finance Lease Agreement, pursuant to which the Lessor agreed, among other things, to (i) purchase the Leased Assets from Linyi CNG at a consideration of RMB200 million, and (ii) lease back the Leased Assets to Linyi CNG for a period of thirty-six (36) months with a lease payment of approximately RMB216.6 million, which is payable by Linyi 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 Arrangement exceed 5% but are all less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE FINANCE LEASE ARRANGEMENT

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

Date: 20 February 2023

Parties:

- (1) the Lessor (as purchaser and lessor); and
- (2) Linyi CNG (as seller and lessee).

Purchase of the Leased Assets

Pursuant to the Transfer Agreement, Linyi CNG agreed to sell, and the Lessor agreed to purchase, the Leased Assets owned by Linyi CNG at a consideration of RMB200 million (the “**Purchase Price**”). The Purchase Price was determined after arm’s length negotiations between the parties to the Finance Lease Arrangement with reference to the appraised value of the Leased Assets based on costs approach according to the asset valuation report issued by an independent valuer, which is approximately RMB208.7 million.

Lease back of the Leased Assets

Pursuant to the Finance Lease Agreement, the Leased Assets will be leased back to Linyi CNG for a period of thirty-six (36) months.

Lease Payments

The lease payments (the “**Lease Payments**”) payable by Linyi CNG to the Lessor under the Finance Lease Arrangement is approximately RMB216.6 million, payable by Linyi CNG to the Lessor in twelve (12) equal instalments during the Lease Period, comprising (i) the principal amount of RMB200 million, which is equal to the Purchase Price; and (ii) the interest payments of approximately RMB16.6 million, estimated based on an annual interest rate of 5% (which is set at 0.7% above the current loan prime rate for RMB loans with the maturity of five years as published by the PRC National Interbank Funding Center (the “**Loan Prime Rate**”). The interest rate may be adjusted annually on 1 January of each year, with reference to the movement of the most recent Loan Prime Rate, and only when it fluctuates by more than 0.3% between Loan Prime Rate of 4.3% in the contract date and the most recent Loan Prime Rate.

The Lease Payments were determined after arm’s length negotiations between the parties to the Finance Lease Arrangement with reference to the prevailing market rates for finance leases for similar assets.

Deposit

Pursuant to the Finance Lease Agreement, Linyi CNG has to pay a deposit of RMB6 million to the Lessor (the “**Deposit**”) before the commencement of the Lease Period. If Linyi CNG fails to pay any of the Lease Payments or the Lessor suffers losses due to Linyi CNG’s breach, the Lessor is entitled to deduct the corresponding amount from the Deposit during the Lease Period, and Linyi CNG is required to replenish the Deposit within 10 business days. If no Deposit has been deducted, or if the Deposit has been fully replenished, the Deposit may be used to set off the final portions of the Lease Payments.

Ownership of the Leased Assets

The ownership of the Leased Assets will be transferred from Linyi CNG to the Lessor on the date when the Lessor pays the Purchase Price to Linyi CNG. The ownership of the Leased Assets will be vested in the Lessor throughout the Lease Period. At the end of the Lease Period and subject to payment by Linyi CNG of (i) all amounts due under the Finance Lease Arrangement; and (ii) a nominal repurchase price of RMB1,000 (to be paid along with the last instalment of the Lease Payments), the ownership of the Leased Assets will be transferred back to Linyi CNG.

Early Repayment

Linyi CNG may serve written notice to the Lessor requesting for an early repayment of all outstanding Lease Payments, subject to the agreement by Lessor.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The terms of the Finance Lease Arrangement, including the Purchase Price and the Lease Payments, were determined after arm's length negotiations with reference to the appraised value of the Leased 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 enhance the operating cash flow of Linyi CNG through the Finance Lease Arrangement, and that the terms and conditions of the Finance Lease Arrangement 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, specialized 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.

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

The Lessor

The Lessor is a limited liability company incorporated under the Laws of the PRC. The Lessor is held as to 51.25% equity interests by Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司), the shares of which is listed on the Shanghai Stock Exchange (Stock Code: 600919), 21.25% equity interests by Jiangsu Phoenix Publishing & Media Group Limited* (江蘇鳳凰出版傳媒集團有限公司), a PRC state-owned enterprise, and the remaining equity interests are held by a diverse group of shareholders each holding not more than 10% equity interests in the Lessor. The Lessor is engaged in financing leasing business in the PRC and its business comprise financial leasing, interbank borrowing, and sale and disposal of leased properties.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Lessor and its ultimate beneficial owner(s) are third parties independent of the Company and each of its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangement exceed 5% but are all less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement under 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 Agreement”	the agreement entered into between the Lessor and Linyi CNG, pursuant to which the Lessor agreed, among other things, to lease back the Leased Assets to Linyi CNG for a period of thirty-six (36) months with a lease payment of approximately RMB216.6 million, which is payable by Linyi CNG to the Lessor in twelve (12) equal instalments
“Finance Lease Arrangement”	The arrangement contemplated under the Transfer Agreement and the Finance Lease Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lease Period”	Thirty-six (36) months commencing from the date on which the Purchase Price of the Leased Assets is paid by the Lessor

“Leased Assets”	the glass melting furnace and related supplementary facilities of the float glass production line of Linyi CNG under the Finance Lease Arrangement
“Lessor”	Suyin Financial Leasing Co., Ltd.* (蘇銀金融租賃股份有限公司), a company established in the PRC with limited liability
“Linyi CNG”	CNG (Linyi) New Materials Technology Company Limited* (中玻(臨沂)新材料科技有限公司), a limited liability company incorporated under the Laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“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 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
“Transfer Agreement”	the transfer agreement entered into between Linyi CNG and the Lessor on 20 February 2023, pursuant to which Linyi CNG agreed to sell, and the Lessor agreed to purchase, the Leased Assets owned by Linyi CNG at the Purchase Price
“%”	per cent.

In this announcement, unless the context requires otherwise, the terms “connected person(s)”, “percentage ratio(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, 20 February 2023

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*