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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**

#### **FINANCE LEASE ARRANGEMENT**

The Board would like to announce that on 25 April 2023, Dongtai CNG and the Lessor entered into the Finance Lease Agreement, pursuant to which the Lessor agreed, among other things, to (i) purchase the Leased Assets from Dongtai CNG at a consideration of RMB120,000,000, and (ii) lease back the Leased Assets to Dongtai CNG for a period of thirty-six (36) months with an aggregate lease payment of approximately RMB128,604,885, which is to be payable by Dongtai 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 Agreement are set out below:

Date: 25 April 2023

Parties:

- (1) the Lessor; and
- (2) Dongtai CNG.

## Purchase of the Leased Assets

Pursuant to the Finance Lease Agreement, Dongtai CNG agreed to sell, and the Lessor agreed to purchase, the Leased Assets owned by Dongtai CNG at a consideration of RMB120,000,000 (the “**Purchase Price**”). The Purchase Price was determined after arm’s length negotiations between the contracting parties to the Finance Lease Agreement with reference to the net asset value of the Leased Assets, which is approximately RMB121,966,878.

## Lease back of the Leased Assets

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

## The Lease Payments

The aggregate lease payments (the “**Lease Payments**”) payable by Dongtai CNG to the Lessor under the Finance Lease Agreement is approximately RMB128,604,885, comprising (i) the principal amount of RMB120,000,000, which is equal to the Purchase Price; and (ii) the interest payments of approximately RMB8,604,885, estimated based on an annual interest rate of 4.26% (which is set at 0.04% below the current loan prime rate for RMB loans with the maturity of five years or above as published by the PRC National Interbank Funding Center (the “**Loan Prime Rate**”). If the Loan Prime Rate is adjusted during the Lease Period, the interest rate may be adjusted with reference to the movement of the last published Loan Prime Rate of that calendar year. The adjusted interest rate shall take effect from the first payment date in the subsequent calendar year since the Loan Prime Rate is adjusted.

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

### **Deposit**

Pursuant to the Finance Lease Agreement, a deposit of RMB6,000,000 (the "**Deposit**") would be deducted from the Purchase Price. During the Lease Period, if Dongtai CNG fails to pay any of the Lease Payments or the Lessor suffers losses due to Dongtai CNG's breach, the Lessor is entitled to deduct the corresponding amount from the Deposit and request Dongtai CNG to replenish the Deposit. 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 Dongtai CNG to the Lessor on the date when the Lessor pays the Purchase Price to Dongtai 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 Dongtai CNG of (i) all amounts due under the Finance Lease Agreement; and (ii) a nominal repurchase price of RMB100 (to be paid along with the last instalment of the Lease Period), the ownership of the Leased Assets will be transferred back to Dongtai CNG.

### **Early Termination**

Starting from twelve (12) months after the commencement of the Lease Period, Dongtai CNG may serve one (1) month's written notice to the Lessor requesting for an early repayment of all outstanding Lease Payments. Subject to the agreement of the Lessor, Dongtai CNG and the Lessor shall then enter into an early termination agreement, under which Dongtai CNG should pay the Lessor the following: (i) all of the outstanding Lease Payments that has been due; (ii) the principal portion of the undue Lease Payments; (iii) 1% of the undue Lease Payments; (iv) the nominal repurchase price of RMB100; and (v) other amounts including but not limited to any overdue interest and liquidated damages, subject to deduction of the Deposit (if any). Upon which, the Finance Lease Agreement will be terminated, and the ownership of the Leased Assets will be transferred to Dongtai CNG.

## **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 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 Dongtai CNG through the Finance Lease Arrangement, and that the terms and conditions of the Finance Lease Agreement 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.

Dongtai CNG is an indirect wholly-owned subsidiary of the Company. Dongtai 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 approximately 54.29% equity interests by Shanghai Rural Commercial Bank Co., Ltd.\* (上海農村商業銀行) (“**SRCB**”) and the remaining equity interests are held by a diverse group of shareholders each holding not more than 15% equity interests in the Lessor. SRCB is a company listed on the Shanghai Stock Exchange (Stock Code: 601825). The Lessor is principally engaged in financial leasing business.

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
“Dongtai CNG”	Dongtai CNG Special Glass Company Limited* (東台中玻特種玻璃有限公司), a limited liability company incorporated under the Laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Finance Lease Agreement”	the agreement entered into between Dongtai CNG and the Lessor, pursuant to which the Lessor agreed, among other things, to (i) purchase the Leased Assets from Dongtai CNG at the consideration of RMB120,000,000, and (ii) lease back the Leased Assets to Dongtai CNG for a period of thirty-six (36) months

“Finance Lease Arrangement”	the finance lease arrangement contemplated under 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 payable under the Finance Lease Arrangement is paid by the Lessor
“Leased Assets”	certain machineries and equipment for the glass production line of Dongtai CNG
“Lessor”	Yangtze United Financial Leasing Co., Ltd.* (長江聯合金融租賃有限公司), 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, 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
“%”	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, 25 April 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*