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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)

**PROPOSED REDUCTION OF SHARE PREMIUM
ACCUMULATED LOSSES SET OFF
AND
DISTRIBUTION OUT OF CONTRIBUTED SURPLUS ACCOUNT**

The Board is pleased to announce that the Board has recommended the declaration of a Distribution of an amount of HK\$0.018 per Share out of the Contributed Surplus Account after the Reduction of Share Premium becoming effective.

The Board intends to put forward proposals to the Shareholders at the SGM for the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution.

The Distribution is conditional upon (i) the approval of the Shareholders for the Reduction of Share Premium and Distribution at the SGM; and (ii) compliance with the relevant requirements under the Companies Act and the Bye-Laws.

A circular relating to the SGM containing, amongst others, further details of the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution, together with the notice of SGM, will be sent to the Shareholders in due course.

BACKGROUND

The Board is pleased to announce that, the Board has recommended the declaration of a Distribution of an amount of HK\$0.018 per Share out of the Contributed Surplus Account after the Reduction of Share Premium becoming effective.

PROPOSED REDUCTION OF SHARE PREMIUM, ACCUMULATED LOSSES SET OFF AND DISTRIBUTION

Reduction of Share Premium

The Board intends to put forward a proposal to the Shareholders at the SGM for the Reduction of Share Premium pursuant to the Companies Act and the Bye-Laws.

As at 31 December 2022, based on the audited annual results of the Company, the total amount standing to the credit of the Share Premium Account and the audited accumulated losses of the Company was RMB1,608,232,286.79 (equivalent to approximately HK\$1,740,107,334.31) and RMB84,715,885.82 (equivalent to approximately HK\$91,662,588.46), respectively. It is proposed that the Share Premium Account will be reduced by approximately HK\$124,714,517.104 and the credit amount arising from such reduction will be transferred to the Contributed Surplus Account.

Accumulated Losses Set Off

It is proposed that after the Reduction of Share Premium, an amount of RMB84,715,885.82 (equivalent to approximately HK\$91,662,588.46) standing to the credit of the Contributed Surplus Account be applied to set off against the accumulated losses of the Company.

The Distribution

Subject to the approval of the Shareholders at the SGM for the proposed Reduction of Share Premium and transfer of the credit amount arising therefrom to the Contributed Surplus Account, the Board also intends to put forward a proposal to the Shareholders at the SGM for a distribution of an amount of HK\$0.018 per Share out of the Contributed Surplus Account, payable to the Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 3 August 2023, being the record date for determination of entitlement to the Distribution.

Shareholders are reminded that in order to qualify for the proposed Distribution, properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 3 August 2023.

Effect of the Reduction of Share Premium

The Reduction of Share Premium does not involve any reduction in the authorized or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares.

Implementation of the Reduction of Share Premium will not, of itself, affect the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole or the share capital of the Company other than related expenses incurred.

Conditions of the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution

The Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution are conditional upon, inter alia, the following being fulfilled:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve (1) the Reduction of Share Premium; (2) the Accumulated Losses Set Off; and (3) the Distribution;
- (ii) compliance with section 46(2) of the Companies Act whereby the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Reduction of Share Premium will be, unable to pay its liabilities as they become due; and
- (iii) compliance with the relevant legal procedures and requirements under the Companies Act and the Bye-Laws to effect the Reduction of Share Premium and the Distribution.

Subject to the fulfilment of the above conditions, it is expected the Reduction of Share Premium and the Accumulated Losses Set Off will become effective on the business day immediately following the date of passing of the special resolution to approve the Reduction of Share Premium and the Accumulated Losses Set Off.

Subject to the Reduction of Share Premium and the Distribution having been approved by the Shareholders, the Distribution is expected to be paid to the Shareholders on or before Wednesday, 16 August 2023.

Reasons for the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution

The Board considers it appropriate to make the Distribution to repay the Shareholders' continuous support.

The Company is an investment holding company incorporated in Bermuda, the major incomes of which are principally dividends declared and paid by its operating subsidiaries. The Directors understand that it is prohibited under the Companies Act and the Bye-Laws from declaring dividends to the Shareholders when the Company has accumulated losses and no profits for the financial period. The Directors consider that the Reduction of Share Premium and the Accumulated Losses Set Off will allow the Company to eliminate its accumulated losses, thus providing more flexibility for future dividend distribution plans.

The Directors consider that the current losses position of the Company on an unconsolidated basis is temporary. The Company's consolidated financial position remains sound with satisfactory earnings during the year ended 31 December 2022, and its operating subsidiaries in the PRC have sufficient reserves for profit distribution. Having considered the current financial position of the Group, in particular the Group's audited profit of RMB101,775,000 for the year ended 31 December 2022, the Directors consider it appropriate to make certain distributions to the Shareholders. The Directors consider that the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution are beneficial to the Company and the Shareholders as a whole.

GENERAL

A circular relating to the SGM containing, amongst others, further details of the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution, together with the notice of SGM, will be sent to the Shareholders in due course.

Shareholders and potential investors of the Company should note that the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution are conditional upon satisfaction of the conditions set out in this announcement. Therefore, the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Accumulated Losses Set Off”	subject to the Reduction of Share Premium becoming effective, the application of an amount of RMB84,715,885.82 (equivalent to approximately HK\$91,662,588.46) standing to the credit of the Contributed Surplus Account to set off against the accumulated losses of the Company
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company currently in force
“Companies Act”	the Companies Act 1981 of Bermuda as amended, supplemented or otherwise modified from time to time
“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)
“Contributed Surplus Account”	the contributed surplus account of the Company
“Director(s)”	the director(s) of the Company
“Distribution”	subject to the Reduction of Share Premium becoming effective, the proposed distribution of an amount of HK\$0.018 per Share out of the Contributed Surplus Account to be made to the Shareholders whose names appear on the Company’s register of members at the close of business on Thursday, 3 August 2023, being the record date for determination of entitlement to the Distribution

“Effective Date”	the date on which the Reduction of Share Premium shall become effective, being (subject to compliance with Section 46(2) of the Companies Act) the business day immediately following the day of passing of the special resolution to approve the Reduction of Share Premium at the SGM
“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
“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)
“Reduction of Share Premium”	(i) the proposed reduction of the Share Premium Account by approximately HK\$124,714,517.104; and (ii) the transfer of the credit amount arising from such reduction to the Contributed Surplus Account
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held on Monday, 31 July 2023 at 10:00 a.m. or at any adjournment thereof by mean of an online virtual meeting for the Shareholders to consider and approve the Reduction of Share Premium, the Accumulated Losses Set Off and the Distribution
“Share Premium Account”	the share premium account of the Company
“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

By Order of the Board
China Glass Holdings Limited
Lyu Guo
Executive Director

Hong Kong, 28 June 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*