

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA GLASS HOLDINGS LIMITED

中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3300)

MAJOR TRANSACTIONS

FINANCE LEASE ARRANGEMENTS

SUQIAN FINANCE LEASE ARRANGEMENT

The Board would like to announce that on 2 November 2023, Suqian CNG and the Lessor entered into the Suqian Finance Lease Arrangement, pursuant to which the Lessor agreed, among other things, to (i) purchase the Suqian Leased Assets from Suqian CNG at a consideration of RMB200 million, and (ii) lease back the Suqian Leased Assets to Suqian CNG for a period of sixty (60) months with lease payment of approximately RMB224.7 million, which is payable by Suqian CNG to the Lessor in twenty (20) equal instalments.

DONGTAI FINANCE LEASE ARRANGEMENT

On 2 November 2023, Dongtai CNG and the Lessor entered into the Dongtai Finance Lease Arrangement, pursuant to which the Lessor agreed, among other things, to (i) purchase the Dongtai Leased Assets from Dongtai CNG at a consideration of RMB200 million, and (ii) lease back the Dongtai Leased Assets to Dongtai CNG for a period of sixty (60) months with lease payment of approximately RMB224.7 million, which are payable by Dongtai CNG to the Lessor in twenty (20) equal instalments.

LISTING RULES IMPLICATIONS

In addition to the Finance Lease Arrangements, the Group had previously entered into the Existing Finance Lease Arrangement with the Lessor on 20 February 2023, further details of which are set out in an announcement of the Company dated 20 February 2023. As the Existing Finance Lease Arrangement also involved the sale of certain machineries and equipment to the Lessor, the consideration of the Existing Finance Lease Arrangement, together with the Finance Lease Arrangements, are aggregated for the purpose of classification of notifiable transactions in accordance with Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements, when aggregated with each other and the Existing Finance Lease Arrangement, exceed 25% but are all less than 75%, the Finance Lease Arrangements constitute major transactions of the Company under the Listing Rules and are therefore subject to the notification, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE SPECIAL GENERAL MEETING

In accordance with the requirements of the Listing Rules, a special general meeting will be convened by the Company to seek approval of the Shareholders for the Finance Lease Arrangements.

A circular of the Company containing, among other things, further details of the Finance Lease Arrangements and a notice convening the special general meeting, will be despatched to the Shareholders as soon as practicable on or before 23 November 2023 so as to allow sufficient time for the Company to prepare the financial information for inclusion in the circular.

THE FINANCE LEASE ARRANGEMENTS

(1) THE SUQIAN FINANCE LEASE ARRANGEMENT

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

Date: 2 November 2023

Parties:

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

Purchase of the Suqian Leased Assets

Pursuant to the Suqian Transfer Agreement, Suqian CNG agreed to sell, and the Lessor agreed to purchase, the Suqian Leased Assets owned by Suqian CNG at a consideration of RMB200 million (the “**Suqian Purchase Price**”). The Suqian Purchase Price was determined after arm’s length negotiations between the contracting parties to the Suqian Finance Lease Arrangement with reference to the appraised value of the Suqian Leased Assets based on costs approach according to the asset valuation report issued by an independent valuer, which is approximately RMB211.1 million.

Lease back of the Suqian Leased Assets

Pursuant to the Suqian Finance Lease Agreement, the Suqian Leased Assets will be leased back to Suqian CNG for a period of sixty (60) months.

Lease Payments

The lease payments (the “**Suqian Lease Payments**”) payable by Suqian CNG to the Lessor under the Suqian Finance Lease Arrangement is approximately RMB224.7 million, payable by Suqian CNG to the Lessor in twenty (20) equal instalments during the Lease Period, comprising (i) the principal amount of RMB200 million, which is equal to the Suqian Purchase Price; and (ii) the interest payments of approximately RMB24.7 million, estimated based on an annual interest rate of 4.55% (which is set at 0.35% 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 as at the date of the Suqian Finance Lease Agreement of 4.2% and the most recent Loan Prime Rate.

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

Deposit

Pursuant to the Suqian Finance Lease Agreement, Suqian CNG has to pay a deposit of RMB6 million to the Lessor (the “**Suqian Deposit**”) before the commencement of the Lease Period. If Suqian CNG fails to pay any of the Suqian Lease Payments or the Lessor suffers losses due to Suqian CNG’s breach, the Lessor is entitled to deduct the corresponding amount from the Suqian Deposit during the Lease Period, and Suqian CNG is required to replenish the Suqian Deposit within ten (10) business days with interest payable of 0.05%, incurred daily on the outstanding amount of the Suqian Deposit. If no Suqian Deposit has been deducted, or if the Suqian Deposit has been fully replenished, the Suqian Deposit may be used to set off the final portion of the Suqian Lease Payments.

Ownership of the Suqian Leased Assets

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

Early Termination

Starting from six (6) months after the commencement of the Lease Period, Suqian CNG may serve at least one (1) month's written notice to the Lessor requesting for early termination of the Suqian Finance Lease Agreement. Subject to the agreement by the Lessor, Suqian CNG and the Lessor shall enter into an early termination agreement, pursuant to which Suqian CNG shall pay the Lessor: (i) all due and outstanding Suqian Lease Payments and interest incurred; (ii) the principal portion of all remaining undue Suqian Lease Payments; (iii) the nominal repurchase price of RMB1,000; and (iv) compensation fees for the early termination, calculated at 5% of the remaining undue Suqian Lease Payments. Upon which, the Suqian Finance Lease Agreement will be terminated, and the ownership of the Suqian Leased Assets will be transferred to Suqian CNG.

(2) THE DONGTAI FINANCE LEASE ARRANGEMENT

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

Date: 2 November 2023

Parties:

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

Purchase of the Dongtai Leased Assets

Pursuant to the Dongtai Transfer Agreement, Dongtai CNG agreed to sell, and the Lessor agreed to purchase, the Dongtai Leased Assets owned by Dongtai CNG at a consideration of RMB200 million (the “**Dongtai Purchase Price**”). The Dongtai Purchase Price was determined after arm’s length negotiations between the contracting parties to the Dongtai Finance Lease Arrangement with reference to the appraised value of the Dongtai Leased Assets based on costs approach according to the asset valuation report issued by an independent valuer, which is approximately RMB209.2 million.

Lease back of the Dongtai Leased Assets

Pursuant to the Dongtai Finance Lease Agreement, the Dongtai Leased Assets will be leased back to Dongtai CNG for a period of sixty (60) months.

Lease Payments

The lease payments (the “**Dongtai Lease Payments**”) payable by Dongtai CNG to the Lessor under the Dongtai Finance Lease Arrangement is approximately RMB224.7 million, payable by Dongtai CNG to the Lessor in twenty (20) equal instalments during the Lease Period, comprising (i) the principal amount of RMB200 million, which is equal to the Dongtai Purchase Price; and (ii) the interest payments of approximately RMB24.7 million, estimated based on an annual interest rate of 4.55% (which is set at 0.35% above 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 as at the date of the Dongtai Finance Lease Agreement of 4.2% and the most recent Loan Prime Rate.

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

Deposit

Pursuant to the Dongtai Finance Lease Agreement, Dongtai CNG has to pay a deposit of RMB6 million to the Lessor (the “**Dongtai Deposit**”) before the commencement of the Lease Period. If Dongtai CNG fails to pay any of the Dongtai Lease Payments or the Lessor suffers losses due to Dongtai CNG’s breach, the Lessor is entitled to deduct the corresponding amount from the Dongtai Deposit during the Lease Period, and Dongtai CNG is required to replenish the Dongtai Deposit within ten (10) business days with interest payable of 0.05%, incurred daily on the outstanding amount of the Dongtai Deposit. If no Dongtai Deposit has been deducted, or if the Dongtai Deposit has been fully replenished, the Dongtai Deposit may be used to set off the final portion of the Dongtai Lease Payments.

Ownership of the Dongtai Leased Assets

The ownership of the Dongtai Leased Assets will be transferred from Dongtai CNG to the Lessor on the date when the Lessor pays the Dongtai Purchase Price to Dongtai CNG. The ownership of the Dongtai 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 Dongtai Finance Lease Arrangement; and (ii) a nominal repurchase price of RMB1,000 (to be paid along with the last instalment of the Dongtai Lease Payments), the ownership of the Dongtai Leased Assets will be transferred back to Dongtai CNG.

Early Termination

Starting from six (6) months after the commencement of the Lease Period, Dongtai CNG may serve at least one (1) month’s written notice to the Lessor requesting for early termination of the Dongtai Finance Lease Agreement. Subject to the agreement by the Lessor, Dongtai CNG and the Lessor shall enter into an early termination agreement, pursuant to which Dongtai CNG shall pay the Lessor: (i) all due and outstanding Dongtai Lease Payments and interest incurred; (ii) the principal portion of all remaining undue Dongtai Lease Payments; (iii) the nominal repurchase price of RMB1,000; and (iv) compensation fees for the early termination, calculated at 5% of the remaining undue Dongtai Lease Payments. Upon which, the Dongtai Finance Lease Agreement will be terminated, and the ownership of the Dongtai Leased Assets will be transferred to Dongtai CNG.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

The terms of the Finance Lease Arrangements, including the Purchase Prices 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 proceeds from the Suqian Finance Lease Arrangement will be used to finance the operation of the first phase of the project in Suqian CNG's Energy Materials Industrial Park* (宿遷中玻新能源材料產業園), which is constructed by Suqian CNG; and the proceeds from the Dongtai Finance Lease Arrangement will be used for replenishing the operating cash of Dongtai CNG, such as purchase of raw materials. The Directors are of the view that the terms and conditions of the Finance Lease Arrangements 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 the 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.

Suqian CNG is an indirect non-wholly owned subsidiary of the Company. Suqian 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 photovoltaic glass and glass products.

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, mainly including the architectural energy-saving glass and new energy glass, such as colorless transparent glass, Low-E coated glass, Sun-E[®] coated glass, and transparent conductive oxide (TCO) glass, etc.

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 finance leasing business in the PRC and its business comprise finance leasing, interbank borrowing, securities investment, and sale and disposal of leased objects.

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

In addition to the Finance Lease Arrangements, the Group had previously entered into the Existing Finance Lease Arrangement with the Lessor on 20 February 2023, further details of which are set out in an announcement of the Company dated 20 February 2023. As the Existing Finance Lease Arrangement also involved the sale of certain machineries and equipment to the Lessor, the consideration of the Existing Finance Lease Arrangement, together with the Finance Lease Arrangements, are aggregated for the purpose of classification of notifiable transactions in accordance with Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements, when aggregated with each other and the Existing Finance Lease Arrangement, exceed 25% but are all less than 75%, the Finance Lease Arrangements constitute major transactions of the Company under the Listing Rules and are therefore subject to the notification, announcement, and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE SPECIAL GENERAL MEETING

In accordance with the requirements of the Listing Rules, a special general meeting will be convened by the Company to seek approval of the Shareholders for the Finance Lease Arrangements.

A circular of the Company containing, among other things, further details of the Finance Lease Arrangements and a notice convening the special general meeting, will be despatched to the Shareholders as soon as practicable on or before 23 November 2023 so as to allow sufficient time for the Company to prepare the financial information for inclusion in the circular.

FURTHER INFORMATION

It should be noted that as the Finance Lease Arrangements are conditional upon the obtaining of the approval of the Shareholders, there is no assurance that the Finance Lease Arrangements will or will not be completed. Further announcement(s) will be made by the Company in relation to the Finance Lease Arrangements as and when appropriate.

Shareholders and potential investors shall 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:

| | |
|------------------|--|
| “Board” | the board of Directors |
| “China” or “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) |

| | |
|-------------------------------------|---|
| “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 China Glass 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 |
| “Dongtai Finance Lease Agreement” | the agreement entered into between the Lessor and Dongtai CNG, pursuant to which the Lessor agreed, among other things, to lease back the Dongtai Leased Assets to Dongtai CNG for a period of sixty (60) months with lease payment of approximately RMB224.7 million, which is payable by Dongtai CNG to the Lessor in twenty (20) equal instalments |
| “Dongtai Finance Lease Arrangement” | the arrangement contemplated under the Dongtai Transfer Agreement and the Dongtai Finance Lease Agreement |
| “Dongtai Leased Assets” | certain machineries and equipment of the float glass production line of Dongtai CNG pursuant to the Dongtai Finance Lease Arrangement |
| “Dongtai Transfer Agreement” | the transfer agreement entered into between Dongtai CNG and the Lessor on 2 November 2023, pursuant to which Dongtai CNG agreed to sell, and the Lessor agreed to purchase, the Dongtai Leased Assets owned by Dongtai CNG at the Dongtai Purchase Price |

| | |
|--------------------------------------|---|
| “Existing Finance Lease Arrangement” | the arrangement contemplated under a finance lease agreement entered into between the Lessor and Linyi CNG dated 20 February 2023 and a transfer agreement entered into between Linyi CNG and the Lessor dated 20 February 2023 |
| “Finance Lease Arrangements” | collectively, the Suqian Finance Lease Arrangement and the Dongtai Finance Lease Arrangement |
| “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 |
| “Lease Payments” | collectively, the Suqian Lease Payments and the Dongtai Lease Payments |
| “Lease Period” | sixty (60) months commencing from the date on which the respective Suqian Purchase Price and the Dongtai Purchase Price is paid by Suqian CNG or Dongtai CNG (as the case may be) |
| “Leased Assets” | collectively, the Suqian Leased Assets and the Dongtai Leased Assets |
| “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” | Linyi CNG 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 |
| “Purchase Prices” | collectively, the Suqian Purchase Price and the Dongtai Purchase Price |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “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 |
| “Suqian CNG” | Suqian CNG New Energy Company Limited* (宿遷中玻新能源有限公司), a limited liability company incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company |
| “Suqian Finance Lease Agreement” | the agreement entered into between the Lessor and Suqian CNG, pursuant to which the Lessor agreed, among other things, to lease back the Suqian Leased Assets to Suqian CNG for a period of sixty (60) months with a lease payment of approximately RMB224.7 million, which is payable by Suqian CNG to the Lessor in twenty (20) equal instalments |
| “Suqian Finance Lease Arrangement” | the arrangement contemplated under the Suqian Transfer Agreement and the Suqian Finance Lease Agreement |
| “Suqian Leased Assets” | the glass melting furnace and related supplementary facilities of the photovoltaic glass production line of Suqian CNG pursuant to the Suqian Finance Lease Arrangement |

“Suqian Transfer Agreement”

the transfer agreement entered into between Suqian CNG and the Lessor on 2 November 2023, pursuant to which Suqian CNG agreed to sell, and the Lessor agreed to purchase, the Suqian Leased Assets owned by Suqian CNG at the Suqian 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, 2 November 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*