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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 2 February 2024, Jiangsu SHD 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 Jiangsu SHD at a consideration of RMB180,000,000 and (ii) lease back the Leased Assets to Jiangsu SHD with an aggregate lease payment of approximately RMB189,348,650.

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 pursuant to Chapter 14 of the Listing Rules.

THE FINANCE LEASE ARRANGEMENT

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

Date: 2 February 2024

Parties:

- (1) the Lessor; and
- (2) Jiangsu SHD.

Purchase of the Leased Assets

Pursuant to the Finance Lease Agreement, Jiangsu SHD agreed to sell, and the Lessor agreed to purchase, the Leased Assets owned by Jiangsu SHD at a consideration of RMB180,000,000 (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 book value of the Leased Assets, which is approximately RMB207,969,207.

Lease back of the Leased Assets

Pursuant to the Finance Lease Agreement, the Leased Assets will be leased back to Jiangsu SHD for a period of twenty-four (24) months after the payment of the Purchase Price (the “**Lease Period**”).

The Lease Payments

The aggregate lease payments (the “**Lease Payments**”) payable by Jiangsu SHD to the Lessor under the Finance Lease Agreement is approximately RMB189,348,650, payable by Jiangsu SHD to the Lessor in eight (8) equal instalments over the Lease Period, comprising (i) the principal amount of RMB180,000,000, which is equal to the Purchase Price; and (ii) the interest payments of approximately RMB9,348,650, estimated based on an annual interest rate of 4.4% (which is set at 0.2% above the Loan Prime Rate as at 20 January 2024). The interest rate will be adjusted annually on 1 January of each year to be 0.2% above the most recently published Loan Prime Rate.

The Lease Payments were determined after arm’s length negotiations between the contracting parties to the Finance Lease Agreement with reference to (i) the prevailing market rates, which include the prevailing Loan Prime Rate and finance costs of similar finance lease arrangements in the market; and (ii) the duration and payment arrangement of the Finance Lease Arrangement.

Deposit

Pursuant to the Finance Lease Agreement, Jiangsu SHD has to pay a deposit of RMB9 million to the Lessor (the “**Deposit**”). The Lessor is entitled to set off any amount payable by Jiangsu SHD under the Finance Lease Agreement by deducting the corresponding amount from the Deposit during the Lease Period. Jiangsu SHD is required to replenish the Deposit within fifteen (15) days upon written request by the Lessor. The Deposit will be withheld by the Lessor until all financial liabilities under the Finance Lease Agreement have been repaid or the Lessor agrees to use the Deposit to set off any outstanding payments, the remaining amount of the Deposit, if any, will be returned to Jiangsu SHD within 7 days after the termination of the Finance Lease Agreement.

Ownership of the Leased Assets

The ownership of the Leased Assets will be transferred from Jiangsu SHD to the Lessor on the date when the Lessor pays the Purchase Price to Jiangsu SHD. 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 Jiangsu SHD of (i) all amounts due under the Finance Lease Agreement; and (ii) a nominal repurchase price of RMB100, the ownership of the Leased Assets will be transferred back to Jiangsu SHD.

Early Repayment

Subject to the agreement in writing by the Lessor, Jiangsu SHD may request for an early termination of the Finance Lease Agreement and pay the Lessor: (i) all due and outstanding Lease Payments; (ii) the principal portion of all remaining undue Lease Payments; (iii) the nominal repurchase price of RMB100; and (iv) compensation fees for the early termination, calculated at 3% of the principal portion of all remaining undue Lease Payments. Upon which, the Finance Lease Agreement will be terminated, and the ownership of the Leased Assets will be transferred to Jiangsu SHD. Subject to the agreement by the Lessor, Jiangsu SHD may also request for a partial early repayment and pay the Lessor: (i) the principal portion of the Lease Payments subject to the early repayment; (ii) interests accrued up to the early payment date; (iii) compensation fees for the early repayment, calculated at 3% of the principal portion of the Lease Payments subject to the early repayment; and (iv) any other payable fees (if any).

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 net book value of the Leased Assets and the prevailing market rates for finance leases for similar assets.

The Directors are of the view that the Jiangsu SHD will be able to replenish its operating cash (including but not limited to purchase of raw materials and energy and refinance) 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.

Jiangsu SHD is an indirect wholly-owned subsidiary of the Company. Jiangsu SHD 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 principally engaged in the financial leasing business.

The Lessor is owned as to approximately 86.75% equity interest by 北京銀行股份有限公司 (Bank of Beijing Co., Ltd.*) (“**Bank of Beijing**”); and approximately 13.25% equity interest by 力勤投資有限公司 (Legions Investment Co., Ltd.*) (“**Legions**”). Bank of Beijing is a licensed bank established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601169.SH). Legions is owned as to 51% equity interest by an individual, namely Wen Jianming (聞健明); and 49% equity interest by 北京融匯豐通資產管理有限公司 (Beijing Ronghui Fengtong Asset Management Co., Ltd.*) which is held as to approximately 84.21% and 15.79% equity interest by two individuals, namely Wen Zhe (聞哲) and Sun Chuanwen (孫傳文), respectively.

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.

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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, Macao 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
“Finance Lease Agreement”	the agreement entered into between Jiangsu SHD and the Lessor, pursuant to which the Lessor agreed, among other things, to (i) purchase the Leased Assets from Jiangsu SHD at a consideration of RMB180,000,000, and (ii) lease back the Leased Assets to Jiangsu SHD
“Finance Lease Arrangement”	the finance lease arrangement contemplated under the Finance Lease Agreement
“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
“Jiangsu SHD”	Jiangsu SHD New Materials Company Limited* (江蘇蘇華達新材料有限公司), a limited liability company incorporated under the Laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Leased Assets”	the flue-gas treatment system and other glass production equipment for the glass production line of Jiangsu SHD
“Lessor”	Bank of Beijing Financial Leasing Co., Ltd.* (北銀金融租賃有限公司), a company incorporated in the PRC with limited liability

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Prime Rate”	loan prime rate for RMB loans with the maturity of five years or above as published by the PRC National Interbank Funding Center from time to time
“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, 4 February 2024

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*