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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
THE SUQIAN CNG FINANCE LEASE ARRANGEMENT**

THE SUQIAN CNG FINANCE LEASE ARRANGEMENT

The Board would like to announce that on 6 June 2024, Suqian CNG and the Lessor entered into the Suqian CNG Finance Lease Arrangement, pursuant to which the Lessor agreed, among other things, to (i) purchase the Leased Assets from Suqian CNG at a consideration of RMB100 million, and (ii) lease back the Leased Assets to Suqian CNG for a period of thirty-six (36) months with lease payment of approximately RMB106.6 million, which is payable by Suqian 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 Suqian CNG Finance Lease Arrangement exceed 5% but are all less than 25%, the Suqian CNG 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 SUQIAN CNG FINANCE LEASE ARRANGEMENT

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

Date: 6 June 2024

Parties:

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

Purchase of the Leased Assets

Pursuant to the Sale and Purchase Agreement, Suqian CNG agreed to sell, and the Lessor agreed to purchase, the Leased Assets owned by Suqian CNG at a consideration of RMB100 million (the “**Purchase Price**”). The Purchase Price was determined after arm’s length negotiations between the contracting parties to the Suqian CNG Finance Lease Arrangement with reference to the appraised value of the Leased Assets of approximately RMB118.5 million.

The valuation for the appraised value of the Leased Assets was conducted by an independent and qualified valuer in the PRC based on the cost approach, which is the typical valuation method for finance lease involving similar type of assets. The cost approach considers the cost to reproduce or replace the Leased Assets by multiplying the replacement cost of the Leased Assets (based on the purchase price of similar assets in brand new state and the associated transportation, installation and testing costs) by a newness rate. The newness rate used in the valuation was determined with reference to the production environment, current technical state, recent technical information, relevant maintenance records and operation records of the Leased Assets based on on-site inspection, ranging from approximately 96% to 98%.

The valuation benchmark date of the Leased Assets was 28 September 2023.

The valuation was prepared by taking into account, including but not limited to, the following assumptions:

- (i) unless otherwise specified in the valuation report, the acquisition and use of all appraised assets conformed with the requirements of the PRC laws and regulations;
- (ii) all operations of Suqian CNG were conducted in accordance with applicable laws, regulations, relevant industrial standards and production safety regulations;
- (iii) (a) the appraisal was based on the actual inventory level as at the valuation benchmark date; (b) the condition of the appraised assets as at the valuation benchmark date was the same as the on-site inspection date; and (c) the current market price of the appraised assets was based on the effective price in the PRC on the valuation benchmark date;
- (iv) the current use of the appraised assets is not changed and the owner of the appraised assets operates legally and continuously;
- (v) the impact of inflation was not taken into account;
- (vi) no consideration was given to the impact caused by any change of the market conditions of the Leased Assets after the valuation benchmark date to the valuation; and
- (vii) no occurrence of any force majeure events which may have a material adverse impact.

Lease back of the Leased Assets

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

Lease Payments

The lease payments (the “**Lease Payments**”) payable by Suqian CNG to the Lessor under the Suqian CNG Finance Lease Arrangement is approximately RMB106.6 million, payable by Suqian CNG to the Lessor in twelve (12) equal instalments during the thirty-six (36) months over the Lease Period, comprising (i) the principal amount of RMB100 million, which is equal to the Purchase Price; and (ii) the interest payments of approximately RMB6.6 million, estimated based on an annual interest rate of 3.95% (which is set at 0.5% above the current loan prime rate on 20 May 2024 for RMB loans with the maturity of one year as published by the PRC National Interbank Funding Center (the “**Loan Prime Rate**”). The interest rate will be adjusted annually on 1 January of each year to be 0.5% above the most recently published Loan Prime Rate.

The Lease Payments were determined after arm’s length negotiations between the contracting parties to the Suqian CNG Finance Lease Arrangement 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 Suqian CNG Finance Lease Arrangement.

Deposit

Pursuant to the Suqian CNG Finance Lease Agreement, Suqian CNG has to pay a deposit of RMB5 million to the Lessor (the “**Deposit**”). The Lessor is entitled to set off any outstanding amount payable by Suqian CNG under the Suqian CNG Finance Lease Agreement by deducting the corresponding amount from the Deposit during the Lease Period. Suqian CNG is required to replenish the Deposit the next day upon receipt of the written request by the Lessor. The remaining amount of the Deposit, if any, will be used to set off the last instalment of the Lease Payments.

Ownership of the Leased Assets

The ownership of the Leased Assets will be transferred from Suqian CNG to the Lessor on the date when the Lessor pays the Purchase Price to Suqian 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 Suqian CNG of a nominal repurchase price of RMB10,000 and all outstanding payments due from Suqian CNG to the Lessor under the Suqian CNG Finance Lease Agreement, the ownership of the Leased Assets will be transferred back to Suqian CNG.

Early Repayment

Subject to the Lessor's approval, Suqian CNG may request in writing for an early termination of the Suqian CNG 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 RMB10,000; and (iv) other payable amounts due under the Suqian CNG Finance Lease Agreement. Upon which, the Suqian CNG Finance Lease Agreement will be terminated, and the ownership of the Leased Assets will be transferred back to Suqian CNG.

REASONS FOR AND BENEFITS OF THE SUQIAN CNG FINANCE LEASE ARRANGEMENT

The terms of the Suqian CNG 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 Suqian CNG will be able to replenish its operating cash flow through the Suqian CNG Finance Lease Arrangement, and that the terms and conditions of the Suqian CNG 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.

Suqian CNG is an indirect 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.

The Lessor

The Lessor is a limited liability company incorporated under the laws of the PRC. The Lessor is principally engaged in the provision of finance leasing in the PRC.

The Lessor is owned as to 80% equity interest by 重慶農村商業銀行股份有限公司 (Chongqing Rural Commercial Bank Co., Ltd.*) (“**CQRC**”); and 20% equity interest by 重慶兩江金融發展有限公司 (Chongqing Liangjiang Financial Development Co., Ltd.*) (“**CQLJ**”). CQRC is a licensed bank established in the PRC whose A shares are listed on the Shanghai Stock Exchange (stock code: 601077.SH) and H shares are listed on the main board of the Stock Exchange (stock code: 3618). CQLJ is wholly-owned by 重慶兩江新區產業發展集團有限公司 (Chongqing Liangjiang New Area Industrial Development Group Co., Ltd.*), which is in turn wholly-owned by 重慶兩江新區管理委員會 (Chongqing Liangjiang New Area Administration Committee*) of the PRC.

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 Suqian CNG Finance Lease Arrangement exceed 5% but are all less than 25%, the Suqian CNG 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.

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
“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
“Leased Assets”	Furnace and certain machineries and equipment for the photovoltaic glass production line of Suqian CNG pursuant to the Suqian CNG Finance Lease Arrangement
“Lessor”	CQRC Financial Leasing Co., Ltd.* (渝農商金融租賃有限責任公司), a company established in the PRC with limited liability

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between Suqian CNG and the Lessor on 6 June 2024, pursuant to which Suqian CNG agreed to sell, and the Lessor agreed to purchase, the Leased Assets owned by Suqian CNG at the Purchase Price
“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 wholly-owned subsidiary of the Company
“Suqian CNG 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 Leased Assets to Suqian CNG for a period of thirty-six (36) months with a lease payment of approximately RMB106.6 million, which is payable by Suqian CNG to the Lessor in twelve (12) equal instalments
“Suqian CNG Finance Lease Arrangement”	the arrangement contemplated under the Sale and Purchase Agreement and the Suqian CNG Finance Lease Agreement
“%”	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, 6 June 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*