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**福耀玻璃工业集团股份有限公司**  
**FUYAO GLASS INDUSTRY GROUP CO., LTD.**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 3606)**

## **CONNECTED TRANSACTION UNDER THE 2024 LEASE CONTRACT**

As the 2021 Lease Contract will expire on December 31, 2024, the Company entered into the 2024 Lease Contract with Yaohua Industrial Village on October 17, 2024 to continue the lease of properties from Yaohua Industrial Village for four years from January 1, 2025 to December 31, 2028, with a total leasing area of approximately 158,323 square meters, at a total annual rent of approximately RMB36 million.

Yaohua Industrial Village is indirectly wholly owned by Mr. Cho Tak Wong, the chairman of the Board, and his spouse Ms. Chan Fung Ying. Therefore, Yaohua Industrial Village is a connected person of the Company and its transaction with the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The right-of-use assets acquired under the 2024 Lease Contract will be recognized by the Group in its consolidated statement of financial position in accordance with the International Financial Reporting Standards (IFRS) 16. Accordingly, entering into the 2024 Lease Contract and the transaction contemplated thereunder will be considered as an acquisition of right-of-use assets by the Group, and the total value is expected to be approximately RMB134.59 million. As one or more of the applicable percentage ratios of the estimated value of the right-of-use assets to be recognized by the Company under the 2024 Lease Contract (aggregated with the transactions under the 2023 Lease Contract) are more than 0.1% but all of the applicable percentage ratios are less than 5%, the Lease of Properties is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## I. BACKGROUND

Reference is made to the Company's announcement dated October 29, 2021 in relation to the lease of the properties in Districts I and II of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province by the Company from Yaohua Industrial Village, with a total leased area of approximately 158,326 square meters.

As the 2021 Lease Contract will expire on December 31, 2024, the Company entered into the 2024 Lease Contract with Yaohua Industrial Village on October 17, 2024 to continue the lease of properties from Yaohua Industrial Village for four years from January 1, 2025 to December 31, 2028, with a total leasing area of approximately 158,323 square meters, at a total annual rent of approximately RMB36 million.

## II. 2024 LEASE CONTRACT

The principal terms of the 2024 Lease Contract are set out below:

Parties: (1) Yaohua Industrial Village, as the lessor; and  
(2) the Company, as the lessee.

Contract date: October 17, 2024

Term of lease: January 1, 2025 to December 31, 2028

Principal terms and conditions: The Company will lease all the ancillary logistics services facilities such as staff dormitory and cafeteria, and training center in Districts I and II and the standard manufacturing plant in District I of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province, the PRC with a total leasing area of approximately 158,323 square meters from Yaohua Industrial Village, of which, approximately 131,598 square meters will be used for the ancillary logistics services facilities such as staff dormitory and cafeteria, and training center, and approximately 26,725 square meters will be used as warehouse for finished goods and raw materials of the Company.

The unit monthly rent of the leased properties is RMB18.85 per square meter; the total monthly rent is approximately RMB3 million; and the total annual rent is approximately RMB36 million.

Within the term of lease, the Company shall be responsible for the maintenance cost of the leased properties; and if the Company needs to continue the lease upon its expiration, it shall communicate its intention of renewing the lease with, and negotiate on and proceed with the renewal formalities with Yaohua Industrial Village 30 days prior to the expiration of the Lease Contract. The Company has the right of first refusal as to the lease of such properties under the equal terms.

The Company shall pay the total rent for the upcoming lease year at any time between December of each year and January of such upcoming year.

Pricing principles:

The rent shall be determined by both parties through negotiation with reference to the prevailing market price of the comparable properties in the place where the leased properties are located.

As the rent payable by the Company is in line with the prevailing market price of the comparable properties in the place where the leased properties are located, and the 2024 Lease Contract is entered into in the Company's ordinary course of business, the Company considers that the 2024 Lease Contract is on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

### **III. REASONS FOR AND BENEFIT OF ENTERING INTO THE LEASE OF PROPERTIES**

The properties leased by the Company from Yaohua Industrial Village are adjacent to the principal place of business and the production base of the Company in the PRC. Entering into the 2024 Lease Contract between the Company and Yaohua Industrial Village and carrying out the connected transaction contemplated thereunder are for the stable ancillary facilities of the Group and for the convenience for the storage and transportation of the products and raw materials of the Group, and in favor of ensuring the normal production and operation activities of the Group, boosting the liquidity of the Group's assets, reducing the Group's investment in self-constructed properties, enabling the Group to have more funds to develop its main businesses and enhancing the core competitiveness of the Group.

#### **IV. IMPLICATIONS UNDER THE LISTING RULES**

Yaohua Industrial Village is indirectly wholly owned by Mr. Cho Tak Wong, the chairman of the Board, and his spouse Ms. Chan Fung Ying. Therefore, Yaohua Industrial Village is a connected person of the Company and its transaction with the Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The right-of-use assets acquired under the 2024 Lease Contract will be recognized by the Group in its consolidated statement of financial position in accordance with the International Financial Reporting Standards (IFRS) 16. Accordingly, entering into the 2024 Lease Contract and the transaction contemplated thereunder will be considered as an acquisition of right-of-use assets by the Group, and the total value is expected to be approximately RMB134.59 million. As one or more of the applicable percentage ratios of the estimated value of the right-of-use assets to be recognized by the Company under the 2024 Lease Contract (aggregated with the transactions under the 2023 Lease Contract) are more than 0.1% but all of the applicable percentage ratios are less than 5%, the Lease of Properties is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Cho Tak Wong, Mr. Tso Fai (a son of Mr. Cho Tak Wong) and Mr. Ye Shu (the son-in-law of Mr. Cho Tak Wong) have abstained from voting on the Board resolution approving the execution of the 2024 Lease Contract and the transaction contemplated thereunder in accordance with the requirements of the articles of association of the Company. Save as disclosed above, no other Director has any material interest in the transaction contemplated under the 2024 Lease Contract. Therefore, none of the other Directors abstained from voting on the relevant resolution of the Board.

The Directors (including the independent non-executive Directors) are of the view that the connected transaction under the 2024 Lease Contract is entered into on normal commercial terms or better in the ordinary course of business of the Company, the contract terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## V. GENERAL INFORMATION

The Company is the dominant market leader in China and the only company that specializes in automotive glass production among the world's leading automotive glass manufacturers. Our products are sold in the domestic and overseas OEM and ARG automotive glass markets.

Yaohua Industrial Village was established in May 1992, the main business scope of which includes the development and construction of public infrastructure, industrial land and ancillary facilities for lifestyle services at the northwest of Qishan Village, Honglu Town, Fuqing, and the operation and management of the self-built properties and facilities.

## VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“2021 Lease Contract”	the property lease contract entered into between the Company and Yaohua Industrial Village on October 28, 2021 in relation to the lease of properties located at Districts I and II of Fuyao Industrial Zone, Honglu Town, Fuqing, Fujian Province, the PRC with a total area of approximately 158,326 square meters
“2023 Lease Contract”	the property lease contract and its supplemental agreement entered into between the Company and Yaohua Industrial Village on April 27, 2023 and September 28, 2023 in relation to the lease of newly built properties located at District II of Fuyao Industrial Zone, Honglu Town, Fuqing, Fujian Province, the PRC with a total area of approximately 113,614 square meters
“2024 Lease Contract”	the property lease contract entered into between the Company and Yaohua Industrial Village on October 17, 2024 in relation to the lease of properties located at Districts I and II of Fuyao Industrial Zone, Honglu Town, Fuqing, Fujian Province, the PRC with a total area of approximately 158,323 square meters
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company

“Company”	Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	Fuyao Glass Industry Group Co., Ltd. and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Lease of Properties”	the transaction concerning the lease of properties by the Company from Yaohua Industrial Village pursuant to the 2024 Lease Contract
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Yaohua Industrial Village”	Fujian Yaohua Industrial Village Development Co., Ltd., a company incorporated in the PRC with limited liability

By order of the Board of  
**Fuyao Glass Industry Group Co., Ltd.**  
**Cho Tak Wong**  
*Chairman*

Fuzhou, Fujian, the PRC, October 17, 2024

*As of the date of this announcement, the Board of Directors of the Company comprises Mr. Cho Tak Wong, Mr. Tso Fai, Mr. Ye Shu and Mr. Chen Xiangming, as executive Directors; Mr. Wu Shinong and Ms. Zhu Dezhen, as non-executive Directors; Mr. Liu Jing, Mr. Xue Zuyun and Mr. Dat Dzeng Hao Daniel, as independent non-executive Directors.*