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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2025 ANNUAL REPORT

Reference is made to the annual report of China Glass Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) for the year ended 31 December 2025 published on 28 April 2026 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

As disclosed in the Annual Report, as at 31 December 2025, the Group recognised impairment losses on non-current assets of the Discontinued Operations amounting to RMB4,141,519,000 (the “**Impairments**”), including impairment losses on property, plant and equipment, right-of-use assets, goodwill and other non-current assets of RMB3,885,126,000, RMB40,348,000, RMB170,468,000 and RMB45,577,000, respectively. Taking into account the impairment losses, the carrying amounts of property, plant and equipment, right-of-use assets and other non-current assets of RMB3,588,383,000, RMB562,894,000 and RMB60,689,000 are reclassified as assets held for sale as at 31 December 2025. The board of directors of the Company (the “**Board**”) would like to provide the following supplemental information to the shareholders and investors of the Company.

(I) EVENTS AND CIRCUMSTANCES LEADING TO THE RECOGNITION OF THE IMPAIRMENTS

In the second half of 2025, the domestic market price of float glass declined further, with the average market price falling by 20%, followed by shut-down or suspensions of glass production lines with a total production capacity of 8,500 tonnes/day, as well as uncertainty of resumption from suspensions, nationwide. With the sharply declining market prices, coupled with the limited production capacity scale of each individual production line of the Group, economies of scale were insufficient to offset the huge impact of market prices on the profits or even gross margins of each production line. The Group's domestic production lines continued to incur losses, and overall liquidity pressure increased significantly, making it difficult to achieve effective transformation in products, cost structure and other aspects within a short period. Considering that the recovery of the real estate industry remained uncertain, the Group, under the dual pressure of operating losses and shortfalls in cash flow, had to decide to suspend most domestic production lines and not to resume production. All these factors led to significant impairment losses in 2025.

This resulted in the recognition of the Impairments, specifically:

- (i) as a result of the suspension of several domestic production lines in the PRC, the fair value less costs of disposal (“**FVLCOD**”) of these production lines became greater than their value in use (“**VIU**”) and therefore, FVLCOD was applied when determining the recoverable amounts of these production lines; and
- (ii) a decrease in VIU for production lines expected to remain in operation, based on financial projections, in particular, sales volumes, unit selling prices, and unit costs, to reflect the current industry outlook and operation of the production lines.

To ascertain the amount of Impairments, the Company had conducted the valuations as more particularly described below.

(II) VALUATION METHOD AND REASON FOR USING THAT METHOD

The valuations in respect of the Impairments (“**Valuation(s)**”) comprise two main categories: (i) production lines that had ceased operations or were planned to cease operations (the “**Discontinued Production Lines**”), where the market approach was applied; and (ii) production lines that were expected to remain in operation (the “**Continuing Production Lines**”), where the discounted future cash flow method was applied.

For the Discontinued Production Lines, the relevant Valuations were conducted by a valuer as part of the Company’s comprehensive impairment assessment on the Discontinued Operations. For the Continuing Production Lines, all the Valuations were conducted by the Company, with the exception of the Valuation of Gansu Daming Group, which was valued by the valuer as it also included the Valuation of the goodwill of Gansu Daming Group.

In respect of the Discontinued Production Lines, the income approach was not applicable as the relevant assets were unable to independently generate future cash flows. Accordingly, the market approach was adopted to assess fair value.

In respect of the Continuing Production Lines, the relevant assets were able to independently generate future cash flows and the relevant forecast parameters such as revenue, costs and capital expenditure could be reasonably estimated based on existing capacity, purchase orders and industry trends, which provide a reliable basis for forecasting future cash flows. Accordingly, the discounted cash flow method under the income approach was adopted to determine the present value of each asset’s expected future cash flows.

(III) DETAILS OF VALUES OF INPUTS USED TOGETHER WITH BASIS AND ASSUMPTIONS

The key inputs and assumptions adopted in the Valuations are illustrated below.

Valuations for the recoverable amounts of the Discontinued Production Lines

In respect of the Discontinued Production Lines, the income approach was not applicable as the relevant assets were unable to independently generate future cash flows. Accordingly, the market approach was adopted to assess fair value by taking the transaction price of a comparable reference item and adjusting it for differences between the reference item and the subject asset across several dimensions, including function, transaction time, condition of asset, market conditions and asset universality. The general formula for determining fair value is:

$$\text{Reference price (tax exclusive)} \times \text{relevant adjustment coefficient(s)}$$

(i) For buildings and structures

The formula for determining fair value was:

$$\begin{aligned} &\text{Reference price (tax exclusive)} \times \text{individual factor adjustment coefficient} \\ &\quad \times \text{transaction time adjustment coefficient} \\ &\quad \times \text{transaction factor adjustment coefficient} \end{aligned}$$

The reference price was determined after taking into account publicly available data, including case studies published on local construction-cost websites, property listings on 58.com, and pricing data published by local industrial park management committees. The deductible VAT tax input was calculated at 9%. The fair value was then reached by applying (a) the individual factor adjustment coefficient (which reflects differences in area, structure, floor height, span and condition), (b) the transaction time adjustment coefficient (based on fixed-base price indices), and (c) the transaction factor adjustment coefficient (which reflects differences in transaction motive and background, and market supply and demand).

(ii) For equipment

The formula for determining fair value was:

$$\begin{aligned} &\text{Reference price (tax exclusive)} \times \text{function value adjustment coefficient} \\ &\quad \times \text{transaction time adjustment coefficient} \\ &\quad \times \text{condition adjustment coefficient} \\ &\quad \times \text{transaction factor adjustment coefficient} \end{aligned}$$

The reference price was determined after direct enquiries with dealers, equipment markets and manufacturers, or with reference to price-index adjustments from the date of purchase to the valuation date and publicly available information, including information from industry pricing databases and information from the websites of Alibaba, Aicagou, MySteel, the National Bureau of Statistics, etc. The deductible VAT tax input was calculated at 13%. The fair value was then reached by applying (a) the function value adjustment coefficient (based on production capacity), (b) the transaction time adjustment coefficient (based on fixed-base price indices), (c) the condition adjustment coefficient (which reflects the condition of the machinery and equipment having taken into account age and physical inspection results), and (d) the transaction factor adjustment coefficient (which reflects differences in transaction motive and background, and market supply and demand).

(iii) For electronic devices

Fair value of electronic devices was determined by referencing quoted prices on active second-hand markets.

(iv) For vehicles

The formula for determining fair value was:

$$\text{Reference price} \times \text{age adjustment coefficient} \times \text{mileage adjustment coefficient} \times \text{model and configuration adjustment coefficient} \times \text{market condition adjustment coefficient} \times \text{condition adjustment coefficient}$$

The reference price was determined based on three recent second-hand market transactions of comparable vehicles, and the fair value was determined after making adjustments for the mileage, age, model and configuration, market condition and physical condition of the vehicle.

(v) For construction-in-progress

Civil engineering projects

Book value of civil engineering projects comprises construction and installation costs, management fees, and other expenses. Fair value was determined separately for each item, based on the validation and verification with reference to commencement date and progress and payment records, while taking into account the specific circumstances such as the business suspension.

Equipment installation projects

Since equipment installation projects involve new and unused equipment, fair value was determined in the same manner as the fair value of equipment was determined.

The Valuations of the Discontinued Production Lines also factored in the following:

- (i) The assets to be appraised are in the process of transaction, and the valuer conducts the valuation according to simulated market conditions such as trading conditions of the assets.
- (ii) For assets transacted or intended to be transacted on the market, the parties to the transaction are of equal standing and have the opportunity and time to obtain sufficient market information, so as to make rational judgements in respect of the function, usage and transaction price of the assets.
- (iii) The equipment and plant of the production lines will not resume production and will no longer be used for their original purposes.
- (iv) The assets will be disposed of through orderly realisation on the open market within a reasonable timeframe.
- (v) The accounting policies, management level and business scope will remain consistent.
- (vi) The data provided are true, accurate and complete.

Valuations of the Continuing Production Lines

Forecasts were prepared through comprehensive analysis of the entity's financial projections, referencing current and future pricing policies, gross margin projections and applicable laws and regulations, taking into account macroeconomic conditions at the national and regional level, industry trends, the entity's development plans, operational strategies, strengths and weaknesses, opportunities and risks, market environment and future growth prospects, and drawing on (i) industry and historical data, benchmarking against comparable entities and the entity's own historical financial, economic and technical indicators, (ii) relevant national laws, tax policies and accounting standards, (iii) market and operational realities, including actual market, industry and company conditions, and (iv) the entity's future development plans, fixed-asset investment plans and operational plans.

The key parameters are as follows:

(i) Forecast period

In determining the forecast period, the following, among other things, were considered: the total reasonable service life of the production lines (including expected repairs) and the entity's business and operating conditions.

(ii) Revenue forecast

In forecasting revenue, the following, among other things, were considered: (a) historical financial data and trends (including revenue, sales volume, sale price, etc.), (b) current operating data (including production capacity, repair schedule, order book status, etc.), (c) policy and market drivers (including relevant national and local policies and targets), (d) competitive strengths and advantages (including how products are differentiated, logistics advantages, etc.), (e) expected demand (including supply track record, export momentum, existing orders, etc.) and (f) industry outlook.

(iii) Operating costs (including materials, utilities, labour and manufacturing overhead costs) forecast

In forecasting materials costs, the historical costs and fluctuations were considered. In forecasting utilities costs, the historical costs and consumption (of water, electricity and natural gas) and cost advantages (such as geographical advantages where key energy inputs are available at more favourable rates) were considered. In forecasting labour costs, the compensation policies and anticipated staff wages and social insurance contributions based on relevant laws and regulations were considered. In forecasting manufacturing overhead costs, the primary consideration was depreciation expenses, calculated in accordance with the applicable accounting policies.

(iv) Tax and surcharge forecast

Tax and surcharge forecast took into account taxes and surcharges such as urban maintenance and construction tax, education surcharge, local education surcharge, stamp duty, environmental protection tax, property tax and land use tax, and were calculated based on the relevant standard rates or historical payment data.

(v) *Administrative expenses forecast*

Administrative expenses primarily comprise compensation, office expenses, travel expenses, business entertainment expenses, depreciation and amortisation, and were forecast based on historical average ratio of expense to revenue, actual cost patterns and asset scale.

(vi) *Selling expenses forecast*

Selling expenses primarily comprise office expenses, travel expenses, advertising and promotional costs and other expenses. Revenue-related selling expenses such as office expenses were forecast using the historical average ratio of such expenses to revenue, after eliminating non-recurring expenses. Non-revenue related selling expenses such as rental expenses were forecast individually based on their specific nature and actual historical cost patterns.

(vii) *Research and development expenses forecast (in respect of the Valuation of Gansu Daming Group)*

Research and development expenses primarily consist of direct materials, direct labour and other direct costs, and were projected based on historical average ratio of such cost items to revenue.

(viii) *Depreciation and amortisation forecast*

Depreciation of fixed assets and amortisation of intangible assets (including capacity quotas) were forecast with reference to historical depreciation and amortisation levels and the increase in fixed and intangible assets.

(ix) *Capital expenditure forecast*

Capital expenditure generally comprises (a) depreciation recovery on existing fixed assets, and (b) subsequent construction in progress expenditure. In forecasting capital expenditure, it took into account a fixed asset's life cycle, which generally follows a pattern whereby capital expenditure (a) is relatively low in the early construction phase, (b) rises as production progresses and fixed asset wear and tear increases, and (c) converges and remains roughly consistent with depreciation after the stabilisation period.

(x) Increase in working capital forecast

Increase in working capital refers to changes associated with the entity's operating activities, including cash tied up due to extension of trade credit, cash reserves required for normal operations, account receivables and payables, inventory and other operating receivables and payables, and was calculated as the difference between a certain year's working capital and the prior year's working capital. In forecasting increase in working capital, the reserve funds required to maintain production as well as funding gaps were also considered.

(xi) Discount rate

The discount rate applied was the pre-tax weighted average cost of capital model ("WACC"), calculated based on the following formula:

$$\text{WACC (pre-tax)} = \text{WACC} / (1 - T)$$

Where:

$$\text{WACC} = K_e \times \frac{E}{D+E} + K_d \times \frac{D}{D+E} \times (1 - T)$$

K_e = cost of equity capital

K_d = cost of debt capital

E = equity capital

D = debt capital

D + E = invested capital

T = income tax rate

K_e (cost of equity capital) and K_d (cost of debt capital) were determined as follows:

K_e (cost of equity capital) was calculated using the capital asset pricing model (CAPM) with the following formula: $K_e = R_f + \beta \times MRP + R_c$	
R_f (risk-free rate)	Being the average yield to maturity of government bonds with approximately 10 years to maturity from the valuation date according to information available on Wind of 1.97%
β (risk coefficient beta)	Derived from comparable listed companies' 24-month betas, calculated using the following formula: $\beta L = [1 + (1 - T) \times D/E] \times \beta U$ Where: βL = levered beta D/E = target capital structure of comparable listed companies βU = unlevered beta T = corporate income tax rate of the subject company
MRP (market risk premium)	Representing the excess of the expected return on a market portfolio—or a stock portfolio with average market risk—over the return on a risk-free asset, estimated by selecting the constituent stocks of the CSI 300 Index, retrieving their post-adjustment closing prices for each year via Wind Information, and calculating the geometric mean return for these constituents on an annual basis. The outliers based on a 95% confidence interval were then excluded and the arithmetic mean of the remaining data was calculated.
R_c (company-specific risk)	Comprising adjustments for non-listed status, smaller operating scale, and industry policy exposure
K_d (cost of debt capital) was calculated based on the loan prime rate (LPR) for maturities exceeding five years, as published by the National Interbank Funding Center under the authorisation of the People's Bank of China.	

The key inputs are as follows:

- (i) In respect of the Valuations of the Continuing Production Lines (excluding Gansu Daming Group)

	For the Continuing Production Line in Weihai	For the Continuing Production Line in Suqian
Forecast period	10 years	10 years
Annual revenue growth rates during the ten-year forecast period	First five years: -15.52% to 15.00% Next five years: 2%	First six years: -4.31% to 15.00% Next four years: 2%
Pre-tax discount rate	11.68%	11.36%

- (ii) In respect of the Valuation of Gansu Daming Group (containing goodwill)

Forecast period	Five years
Annual revenue growth rates during the five-year forecast period	First year: 9% Next four years: 14%
Growth rate beyond the five-year forecast period	0%
Pre-tax discount rate	9.73%

The Valuations of the Continuing Production Lines also factored in the following:

- (i) The assets to be appraised are in the process of transaction, and the valuer conducts the valuation according to simulated market conditions such as trading conditions of the assets.
- (ii) For assets transacted or intended to be transacted on the market, the parties to the transaction are of equal standing and have the opportunity and time to obtain sufficient market information, so as to make rational judgements in respect of the function, usage and transaction price of the assets.
- (iii) The assets or entity will continue to be used for their original purpose within their remaining economic life or will operate according to its original business purpose.
- (iv) There will be no material changes in the relevant laws, regulations and policies currently in effect, the national macroeconomy, and the political, economic and social environment.
- (v) The management is responsible and capable of performing its duties.

- (vi) All relevant laws and regulations will be complied with.
- (vii) There will be no material changes to the applicable interest rates, exchange rates, tax bases and tax rates, and policy-related levies and fees.
- (viii) There will be no material adverse impact caused by force majeure or unforeseen factors.
- (ix) The accounting policies, management level, business scope and business operations will remain consistent.
- (x) The cash inflows and outflows are uniform.
- (xi) The profit forecasts will be realised and costs will be controlled as planned.
- (xii) The data provided to the valuer are true, accurate and complete.
- (xiii) (In respect of the Valuation of Gansu Daming Group) The entity will continue to receive the relevant tax benefits and will pay corporate income tax at a rate of 15%.

(IV) CHANGES IN VALUATION METHODS, INPUTS AND ASSUMPTIONS

In respect of the Discontinued Production Lines, the FVLCOD instead of VIU was adopted as these production lines had ceased operations or were planned to cease operations.

In respect of the Continuing Production Lines, valuations were only conducted on two of the Continuing Production Lines in the previous financial year. In respect of Gansu Daming Group, please refer to note 17(b) to the consolidated financial statements in the Annual Report for details of the changes in valuation inputs and assumptions. For the other one of the Continuing Production Lines, the financial projections, in particular, sales growth rates have been adjusted as compared to the previous valuation to reflect the market landscape for the PRC glass industry. Since the starting point of the projection was based on the 2025 actual average unit selling price which was approximately 21% lower than that of 2024, the management estimated that it would take a longer period of time for the unit selling price to recover to the level at which the production line could return to profitability. Therefore, the valuation result gave rise to a larger amount of an impairment loss as compared to that of 2024.

In respect of the three remaining Continuing Production Lines, no valuation was conducted in the previous financial year as these production lines were profit making.

Save as set out above, there have been no other significant changes to the inputs or assumptions from those previously adopted.

This announcement is supplemental to, and should be read in conjunction with, the Annual Report. The above additional information does not affect other information contained in the Annual Report. Save as disclosed above, the contents of the Annual Report remain unchanged.

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

Hong Kong, 13 October 2026

As at the date of this announcement, the directors of the Company are as follows:

Executive Director:

Mr. Lyu Yingcheng (*Chief Executive Officer*)

Non-executive Directors:

Mr. Tang Liwei (*Chairman*); Mr. Lyu Guo; and Mr. Yang Xinyu

Independent Non-executive Directors:

Mr. Zhang Baiheng; Mr. Chen Huachen; and Ms. Lan Haiqing

* *For identification purpose only*