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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)

DISCLOSEABLE TRANSACTION

ENTERING INTO THE SUPPLEMENTAL AGREEMENT (III) ON THE DISPOSAL OF 75% EQUITY INTEREST IN BEIJING FUTONG

References are made to the announcements (the “**Announcements**”) of Fuyao Glass Industry Group Co., Ltd. (the “**Company**”) dated June 29, 2018, December 25, 2018 and August 29, 2019, respectively, in relation to the transfer of 75% equity interest in total in Beijing Futong by the Company to Taiyuan Jinnuo Industry Co., Ltd. (formerly known as Taiyuan Jinnuo Investment Co., Ltd.) (“**Taiyuan Jinnuo**”), so as to extend the payment due date of the Second Tranche of Transfer Payment (as defined below). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the Company agreed to transfer 75% equity interest in total in Beijing Futong to Taiyuan Jinnuo (the “**Equity Transfer**”), at a total consideration of RMB1,004.45 million, of which, (i) 51% equity interest in Beijing Futong was priced at RMB683.05 million, which was settled by Taiyuan Jinnuo before July 15, 2018, and the Company has cooperated with Taiyuan Jinnuo in the completion of the registration procedures in relation to the 51% equity interest in Beijing Futong; and (ii) 24% equity interest in Beijing Futong was priced at RMB321.40 million (the “**Second Tranche of Transfer Payment**”) which shall be settled by Taiyuan Jinnuo by June 30, 2020.

In the first half of 2020, Taiyuan Jinnuo indicated that it suffered financial strain due to the impact of the outbreak of COVID-19, so it made a further request to the Company for extending the payment due date of the Second Tranche of Transfer Payment. To further promote the implementation of the Equity Transfer and safeguard the legitimate rights and interests of the Company and the interests of all the shareholders, after friendly negotiation with Taiyuan Jinnuo, the Company intends to agree to further extend the due date of the Second Tranche of Transfer Payment to June 30, 2021, and to agree that Taiyuan Jinnuo shall pay interests at the interest rate of 8% per annum for the Second Tranche of Transfer Payment since July 1, 2020.

As considered and approved by the board of directors of the Company (the “**Board**”), the Company entered into the Supplemental Agreement (III) to the Equity Transfer Agreement (the “**Supplemental Agreement (III)**”) with Taiyuan Jinnuo on June 5, 2020, with the following principal terms:

1. Taiyuan Jinnuo undertakes to pay the Second Tranche of Transfer Payment in a lump sum to the bank account as designated by the Company by way of bank telegraphic transfer by June 30, 2021;
2. Taiyuan Jinnuo agrees to pay interests on the Second Tranche of Transfer Payment on a quarterly basis to the Company at the interest rate of 8% per annum for the Second Tranche of Transfer Payment since July 1, 2020 until Taiyuan Jinnuo pays off the Second Tranche of Transfer Payment. The interests shall be accrued on a daily basis and Taiyuan Jinnuo shall pay interests to the Company on time and in full within 10 working days after the end of each quarter. The final installment of interests shall be paid together with the Second Tranche of Transfer Payment;
3. upon receipt of the Second Tranche of Transfer Payment and all interests thereon, the Company shall transfer the 24% equity interest in Beijing Futong to Taiyuan Jinnuo and cooperate with Taiyuan Jinnuo in completing the procedures including industrial and commercial registration of changes in shareholder in relation to the Equity Transfer; and
4. in the event that Taiyuan Jinnuo fails to make full payment of the Second Tranche of Transfer Payment or the interests thereon on time and in full in accordance with the Supplemental Agreement (III), it will be considered as a breach by Taiyuan Jinnuo and the Company is entitled to unilaterally terminate the Supplemental Agreement (III) and request Taiyuan Jinnuo to pay the Second Tranche of Transfer Payment and the interests thereon immediately. In addition, the Company is entitled to hold Taiyuan Jinnuo liable for breach of contract.

The Board has taken into account fully the following factors when considering the above proposals: (i) the Company only completed the registration procedures for the change of ownership of the 51% equity interest in Beijing Futong, while the transfer of the remaining 24% equity interest is not completed, and the Company remains entitled to the shareholder’s rights of Beijing Futong as its shareholder; (ii) the terms of the equity transfer agreement provide safeguard measures to the rights and interests of the Company, including but not limited to the clauses on termination of the agreement, the payment of liquidated damages and late fees by Taiyuan Jinnuo, etc.; and (iii) so long as Taiyuan Jinnuo pays for interest on time, the Company will earn some interest income

and reduce financial costs of the Company. Hence, the directors of the Company consider that the terms of the Supplemental Agreement (III) are fair and reasonable, and entering into the Supplemental Agreement (III) and agreeing to extend the payment due date of Taiyuan Jinnuo are in the interest of the Company and its shareholders as a whole.

Except for the provisions above, all material terms of the Equity Transfer and relevant arrangements as set out in the Announcements remain unchanged.

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

Fuzhou, Fujian, the PRC
June 6, 2020

As at the date of this announcement, the Board comprises Mr. Cho Tak Wong, Mr. Ye Shu and Mr. Chen Xiangming as executive directors; Mr. Tso Fai, Mr. Wu Shinong and Ms. Zhu Dezhen, as non-executive directors; Ms. Cheung Kit Man Alison, Mr. Liu Jing and Mr. Qu Wenzhou, as independent non-executive directors.