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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 TRANSACTIONS

FINANCE LEASE ARRANGEMENTS

SUQIAN FINANCE LEASE ARRANGEMENT

The Board would like to announce that on 11 December 2023, Suqian CNG and the Lessor entered into the Suqian Finance Lease Arrangement, pursuant to which the Lessor agreed, among other things, to (i) purchase the Suqian Leased Assets from Suqian CNG at a consideration of RMB100 million, and (ii) lease back the Suqian Leased Assets to Suqian CNG for a period of thirty-six (36) months with lease payment of approximately RMB108.2 million, which is payable by Suqian CNG to the Lessor in twelve (12) equal instalments.

JIANGSU FINANCE LEASE ARRANGEMENT

On 11 December 2023, Jiangsu SHD and the Lessor entered into the Jiangsu Finance Lease Arrangement, pursuant to which the Lessor agreed, among other things, to (i) purchase the Jiangsu Leased Assets from Jiangsu SHD at a consideration of RMB150 million, and (ii) lease back the Jiangsu Leased Assets to Jiangsu SHD for a period of thirty-six (36) months with lease payment of approximately RMB162.2 million, which are payable by Jiangsu SHD to the Lessor in twelve (12) equal instalments.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements exceed 5% but are all less than 25%, the Finance Lease Arrangements constitute discloseable transactions of the Company and are 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 ARRANGEMENTS

(1) THE SUQIAN FINANCE LEASE ARRANGEMENT

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

Date: 11 December 2023

Parties:

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

Purchase of the Suqian Leased Assets

Pursuant to the Suqian Transfer Agreement, Suqian CNG agreed to sell, and the Lessor agreed to purchase, the Suqian Leased Assets owned by Suqian CNG at a consideration of RMB100 million (the “**Suqian Purchase Price**”). The Suqian Purchase Price was determined after arm’s length negotiations between the contracting parties to the Suqian Finance Lease Arrangement with reference to the appraised value of the Suqian Leased Assets of approximately RMB111.7 million.

The valuation for the appraised value of the Suqian 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 Suqian Leased Assets by multiplying the replacement cost of the Suqian Leased Assets (based on the purchase price or production costs of the same or 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 actual used life, the estimated useful life of 20 years and assets condition of the Suqian Leased Assets, ranging from approximately 96% to 99%. The valuation benchmark date of the Suqian Leased Assets was 9 November 2023.

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

- (i) market assumption: the market assumption assumes that the valuation was conducted in a well-developed market, in which buyers and sellers trade voluntarily on equal footings based on sufficient market information. The valuation was determined by market mechanisms and conditions, instead of individual transactions;

- (ii) transaction assumption: the transaction assumption assumes that all of the Suqian Leased Assets are already in the process of being transacted, and the valuer simulates the market for appraisal matching the transaction terms of the Suqian Leased Assets. Both parties in the transactions possess the necessary market information and have sufficient time to conduct the transactions with adequate knowledge of commodity trading;
- (iii) environmental assumption: the valuation was made based on the specific conditions and the actual state of the Suqian Leased Assets as at the valuation benchmark date. If due to unpredictable reasons, there are changes which have a significant impact on the valuation, a qualified valuer shall be engaged to make adjustments or re-determine the valuation;
- (iv) asset utilisation assumption: the asset utilisation assumption assumes that the Suqian Leased Assets are under normal use;
- (v) authenticity assumption: the valuation is premised on the authenticity and legality of the information provided by Suqian CNG; and
- (vi) other assumptions: there are no restrictions on the transfer, pledge imposed by the regulatory authorities and the parties can transact the Suqian Leased Assets legally in the open market and the Suqian Leased Assets will remain in their current condition which is the optimal condition.

Lease back of the Suqian Leased Assets

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

Lease Payments

The lease payments (the “**Suqian Lease Payments**”) payable by Suqian CNG to the Lessor under the Suqian Finance Lease Arrangement is approximately RMB108.2 million, payable by Suqian CNG to the Lessor in twelve (12) equal instalments during the thirty-six (36) months commencing from date of the Suqian Purchase Price being paid (the “**Suqian Lease Period**”), comprising (i) the principal amount of RMB100 million, which is equal to the Suqian Purchase Price; and (ii) the interest payments of approximately RMB8.2 million, estimated based on an annual interest rate of 4.88% (which is set at 0.68% above the Loan Prime Rate referenced in the Suqian Finance Lease Agreement). The interest rate may be adjusted annually on 1 January of each year, with reference to the Loan Prime Rate in December of the previous 12-month period, when such Loan Prime Rate fluctuates by more than 0.25% from the Loan Prime Rate of 4.2% as referenced in the Suqian Finance Lease Agreement.

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

Ownership of the Suqian Leased Assets

The ownership of the Suqian Leased Assets will be transferred from Suqian CNG to the Lessor on the date when the Lessor pays the Suqian Purchase Price to Suqian CNG. The ownership of the Suqian Leased Assets will be vested in the Lessor throughout the Suqian Lease Period. At the end of the Suqian Lease Period and subject to payment by Suqian CNG of (i) all amounts due under the Suqian Finance Lease Arrangement; and (ii) a nominal repurchase price of RMB100 (to be paid along with the last instalment of the Suqian Lease Payments), the ownership of the Suqian Leased Assets will be transferred back to Suqian CNG.

Early Repayment

Suqian CNG may serve at least thirty (30) days' prior written notice to the Lessor requesting for early repayment of the Suqian Lease Payments, subject to the Lessor's approval.

(2) THE JIANGSU FINANCE LEASE ARRANGEMENT

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

Date: 11 December 2023

Parties:

- (1) the Lessor (as purchaser and lessor); and
- (2) Jiangsu SHD (as seller and lessee).

Purchase of the Jiangsu Leased Assets

Pursuant to the Jiangsu Transfer Agreement, Jiangsu SHD agreed to sell, and the Lessor agreed to purchase, the Jiangsu Leased Assets owned by Jiangsu SHD at a consideration of RMB150 million (the "**Jiangsu Purchase Price**"). The Jiangsu Purchase Price was determined after arm's length negotiations between the contracting parties to the Jiangsu Finance Lease Arrangement with reference to the appraised value of the Jiangsu Leased Assets of approximately RMB166.8 million.

The valuation for the appraised value of the Jiangsu 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 Jiangsu Leased Assets by multiplying the replacement cost of the Jiangsu Leased Assets (based on the purchase price or production costs of the same or 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 actual used life, the estimated useful life of 20 years and assets condition of the Jiangsu Leased Assets, ranging from approximately 84% to 98%. The valuation benchmark date of the Jiangsu Leased Assets was 9 November 2023.

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

- (i) market assumption: the market assumption assumes that the valuation was conducted in a well-developed market, in which buyers and sellers trade voluntarily on equal footings based on sufficient market information. The valuation was determined by market mechanisms and conditions, instead of individual transactions;
- (ii) transaction assumption: the transaction assumption assumes that all of the Jiangsu Leased Assets are already in the process of being transacted, and the valuer simulates the market for appraisal matching the transaction terms of the Jiangsu Leased Assets. Both parties in the transactions possess the necessary market information and have sufficient time to conduct the transactions with adequate knowledge of commodity trading;
- (iii) environmental assumption: the valuation was made based on the specific conditions and the actual state of the Jiangsu Leased Assets as at the valuation benchmark date. If due to unpredictable reasons, there are changes which have a significant impact on the valuation, a qualified valuer shall be engaged to make adjustments or re-determine the valuation;
- (iv) asset utilisation assumption: the asset utilisation assumption assumes that the Jiangsu Leased Assets are under normal use;
- (v) authenticity assumption: the valuation is premised on the authenticity and legality of the information provided by Jiangsu SHD; and
- (vi) other assumptions: there are no restrictions on the transfer, pledge imposed by the regulatory authorities and the parties can transact the Jiangsu Leased Assets legally in the open market and Jiangsu Leased Assets are remain in their current condition which is the optimal condition.

Lease back of the Jiangsu Leased Assets

Pursuant to the Jiangsu Finance Lease Agreement, the Jiangsu Leased Assets will be leased back to Jiangsu SHD for a period of thirty-six (36) months.

Lease Payments

The lease payments (the “**Jiangsu Lease Payments**”) payable by Jiangsu SHD to the Lessor under the Jiangsu Finance Lease Arrangement is approximately RMB162.2 million, payable by Jiangsu SHD to the Lessor in twelve (12) equal instalments during the thirty-six (36) months commencing from date of the Jiangsu Purchase Price being paid (the “**Jiangsu Lease Period**”), comprising (i) the principal amount of RMB150 million, which is equal to the Jiangsu Purchase Price; and (ii) the interest payments of approximately RMB12.2 million, estimated based on an annual interest rate of 4.88% (which is set at 0.68% above the Loan Prime Rate referenced in the Jiangsu Finance Lease Agreement). The interest rate may be adjusted annually on 1 January of each year, with reference to the Loan Prime Rate in December of the previous 12-month period, when such Loan Prime Rate fluctuates by more than 0.25% from the Loan Prime Rate of 4.2% as referenced in the Jiangsu Finance Lease Agreement.

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

Ownership of the Jiangsu Leased Assets

The ownership of the Jiangsu Leased Assets will be transferred from Jiangsu SHD to the Lessor on the date when the Lessor pays the Jiangsu Purchase Price to Jiangsu SHD. The ownership of the Jiangsu Leased Assets will be vested in the Lessor throughout the Jiangsu Lease Period. At the end of the Jiangsu Lease Period and subject to payment by Jiangsu SHD of (i) all amounts due under the Jiangsu Finance Lease Arrangement; and (ii) a nominal repurchase price of RMB100 (to be paid along with the last instalment of the Jiangsu Lease Payments), the ownership of the Jiangsu Leased Assets will be transferred back to Jiangsu SHD.

Early Repayment

Jiangsu SHD may serve at least thirty (30) days’ prior written notice to the Lessor requesting for early repayment of the Jiangsu Lease Payments, subject to the Lessor’s approval.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

The terms of the Finance Lease Arrangements, including the Purchase Prices 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 and Jiangsu SHD will be able to replenish their operating cash (including but not limited to purchase of raw materials and energy) through the Finance Lease Arrangements, and that the terms and conditions of the Finance Lease Arrangements 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, specialised 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.

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 state-owned non-banking financial institution established in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600901). The Lessor is principally engaged in the provision of finance leasing with a focus on green energy, automobile finance, high-end equipment and other market segment in 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 Finance Lease Arrangements exceed 5% but are all less than 25%, the Finance Lease Arrangements constitute discloseable transactions of the Company and are 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, Macau 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 Arrangements”	collectively, the Suqian Finance Lease Arrangement and the Jiangsu Finance Lease Arrangement
“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

“Jiangsu Finance Lease Agreement”	the agreement entered into between the Lessor and Jiangsu SHD on 11 December 2023, pursuant to which the Lessor agreed, among other things, to lease back the Jiangsu Leased Assets to Jiangsu SHD for a period of thirty-six (36) months with lease payment of approximately RMB162.2 million, which is payable by Jiangsu SHD to the Lessor in twelve (12) equal instalments
“Jiangsu Finance Lease Arrangement”	the arrangement contemplated under the Jiangsu Transfer Agreement and the Jiangsu Finance Lease Agreement
“Jiangsu Leased Assets”	certain machineries and equipment of the float glass production line of Jiangsu SHD pursuant to the Jiangsu Finance Lease Arrangement
“Jiangsu Transfer Agreement”	the transfer agreement entered into between Jiangsu SHD and the Lessor on 11 December 2023, pursuant to which Jiangsu SHD agreed to sell, and the Lessor agreed to purchase, the Jiangsu Leased Assets owned by Jiangsu SHD at the Jiangsu Purchase Price
“Lease Payments”	collectively, the Suqian Lease Payments and the Jiangsu Lease Payments
“Leased Assets”	collectively, the Suqian Leased Assets and the Jiangsu Leased Assets
“Lessor”	Jiangsu Financial Leasing Co., Ltd.* (江蘇金融租賃股份有限公司), a company established 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
“Purchase Prices”	collectively, the Suqian Purchase Price and the Jiangsu Purchase Price
“RMB”	Renminbi, the lawful currency of the PRC

“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 Finance Lease Agreement”	the agreement entered into between the Lessor and Suqian CNG on 11 December 2023, pursuant to which the Lessor agreed, among other things, to lease back the Suqian Leased Assets to Suqian CNG for a period of thirty-six (36) months with a lease payment of approximately RMB108.2 million, which is payable by Suqian CNG to the Lessor in twelve (12) equal instalments
“Suqian Finance Lease Arrangement”	the arrangement contemplated under the Suqian Transfer Agreement and the Suqian Finance Lease Agreement
“Suqian Leased Assets”	milling machines, coating machines, maintenance machines and certain machineries and equipment for the photovoltaic glass production line of Suqian CNG pursuant to the Suqian Finance Lease Arrangement
“Suqian Transfer Agreement”	the transfer agreement entered into between Suqian CNG and the Lessor on 11 December 2023, pursuant to which Suqian CNG agreed to sell, and the Lessor agreed to purchase, the Suqian Leased Assets owned by Suqian CNG at the Suqian Purchase Price
“%”	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, 11 December 2023

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*