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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)

CONNECTED TRANSACTION RELATING TO FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

The Board announces that on 13 December 2017, CNG International (a wholly-owned subsidiary of the Company) and Hony Group Management (a connected person of the Company) entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the Cayman Islands.

The parties expect to initially invest a total of approximately USD1,800,000 into the JV Company (subject to a maximum investment amount of USD15,000,000), and CNG International has agreed to initially contribute USD900,000 (subject to a maximum contribution amount of USD7,500,000), being 50% of the equity interests in the JV Company. The JV Company will be appointed as the general partner of, and participate in the management of the Belt and Road Glass Fund, which in turn will invest in various glass production projects in various countries along and surrounding the “Belt and Road” initiative of the PRC, including but not limited to the Kazakhstan Project.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hony Group Management is controlled by Legend Holdings Corporation, an indirect substantial shareholder of the Company which indirectly owns approximately 22.80% of the issued share capital of the Company, and thus a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the maximum investment amount by the Company under the JV Agreement exceed 0.1% but all are less than 5%, the JV Agreement is subject to the annual reporting and announcement requirements but exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

The Board announces that on 13 December 2017, CNG International (a wholly-owned subsidiary of the Company) and Hony Group Management (a connected person of the Company) entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company in the Cayman Islands. The major terms of the JV Agreement are set out as follows:

THE JV AGREEMENT

Date : 13 December 2017

Parties : CNG International; and
Hony Group Management.

Purpose and Business : The JV Company will be appointed as the general partner of, and participate in the management of the Belt and Road Glass Fund, which in turn will invest in various glass production projects in various countries along and surrounding the “Belt and Road” initiative of the PRC, including but not limited to the Kazakhstan Project. Further details of the Belt and Road Glass Fund and the Kazakhstan Project are set out in the paragraph headed “Information on the Belt and Road Glass Fund” below.

Investment Amount : The initial total investment amount of the JV Company will be USD1,800,000, and may be increased to a maximum amount of USD15,000,000. CNG International and Hony Group Management have each agreed to initially contribute USD900,000 as at the date of the announcement and may each increase its contribution to a maximum amount of USD7,500,000, each representing 50% of the equity interests in the JV Company, respectively. The initial investment amount of USD1,800,000 will be payable by the parties in cash upon establishment of the JV Company. The Company will finance its investment commitment in the JV Company from its internal resources. Save as disclosed above, the Company has no other investment commitment to the JV Company as at the date of this announcement.

The investment commitment of the JV Company was determined by arm’s length negotiation between the parties taking into account the operating cost and development plans of the JV Company, and the size and asset portfolio of the Belt and Road Glass Fund.

- Profit Sharing : Any profit or loss of the JV Company shall be shared or borne by CNG International and Hony Group Management in proportion to their respective equity interests in the JV Company.
- Board Composition : The board of directors of the JV Company will consist of two directors, of which one director will be nominated by CNG International and one director will be nominated by Hony Group Management.
- Transfer of Equity Interest : Each party may not transfer all or part of its equity interest in the JV Company to any person without the prior written consent from the other party to the JV Agreement.

As at the date of this announcement, the JV Company and the Belt and Road Glass Fund have not yet been established and thus have not commenced any business operations. As CNG International will hold 50% equity interests in the JV Company, it will not be accounted for as a subsidiary of the Company and hence, it will not be included into the Group's consolidated financial statements.

INFORMATION ON THE BELT AND ROAD GLASS FUND

The Belt and Road Glass Fund will be set up for the purpose of investing in glass production projects in the various counties along and surrounding the "Belt and Road", including but not limited to Kazakhstan. As at the date of this announcement, the Belt and Road Glass Fund has confirmed to acquire around 69.71% of equity interests in Orda Glass Limited, a limited liability partnership incorporated and existing under the laws of the Republic of Kazakhstan, which holds the Kazakhstan Project. The Kazakhstan Project is a construction project of a float glass manufacturing line with an expected capacity of 197,000 tons per year in Kyzylorda, Kazakhstan.

The JV Company will be appointed as the general partner of the Belt and Road Glass Fund, holding 5% of its equity interests. The JV Company will participate in the management of the Belt and Road Glass Fund and the relevant projects or investments held by it.

Global Expansion II Limited will be the limited partner contributing the investment fund to the Belt and Road Glass Fund. Global Expansion II Limited is a wholly-owned subsidiary of Hony Global Expansion Investment, L.P.. Global Expansion II Limited intend to invest around USD300,000,000 in the Belt and Road Glass Fund.

REASONS FOR AND BENEFITS OF THE JV CONTRACT

The Group has been actively seeking to expand its glass production businesses outside of the PRC to leverage on the advantages and opportunities resulting from the “Belt and Road” initiative of the PRC. The formation of the JV Company will allow the Group to obtain exposure in the Belt and Road Glass Fund and in turn benefiting from the “Belt and Road” initiative involving various countries along and surrounding the “Belt and Road”. The investment in the JV Company is in line with the Company’s long-term corporate strategy, which will seek the potential opportunities in expanding its glass production businesses.

The Board (including the independent non-executive Directors) believes that the terms of the JV Agreement and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. None of the Directors have a material interest in the Transaction or was required to abstain from voting on the relevant resolutions of the Board. However, certain Director, namely Mr. Zhao John Huan is also a director of Hony Group Management, and have voluntarily abstained from voting at the Board meeting for approval of the JV Agreement and the transactions contemplated thereunder.

INFORMATION ON THE GROUP AND THE PARTIES TO THE JV AGREEMENT

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.

CNG International is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

Hony Group Management

Hony Group Management, a company incorporated under the laws of Cayman Islands with limited liability and is controlled by Legend Holdings Corporation, an indirect substantial shareholder of the Company. It is principally engaged in investment holding and asset management.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Honly Group Management is controlled by Legend Holdings Corporation, an indirect substantial shareholder of the Company which indirectly owns approximately 22.80% of the issued share capital of the Company, and thus a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the JV Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the maximum investment amount by the Company under the JV Agreement exceed 0.1% but all are less than 5%, the JV Agreement is subject to the annual reporting and announcement requirements but exempt from independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Belt and Road Glass Fund”	Belt and Road Glass Industry Integration Fund L.P., an exempted limited partnership will be established in the Cayman Islands, of which the JV Company will be the general partner holding 5% of its entire equity interests and Global Expansion II Limited will be the limited partner holding 95% of its entire equity interests at the time of its establishment
“Board”	the board of Directors of the Company
“CNG International”	CNG International Investment Limited (中玻國際投資有限公司), a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Company”	China Glass Holdings Limited (Stock Code: 3300), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors 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
“Hony Group Management”	Hony Group Management Limited, a company incorporated under the laws of Cayman Islands with limited liability and is controlled by Legend Holdings Corporation, an indirect substantial shareholder of the Company

“JV Agreement”	the joint venture agreement dated 13 December 2017 entered into between CNG International and Hony Group Management in respect of the formation of the JV Company
“JV Company”	Belt and Road Glass Management Limited, a company will be incorporated under the laws of Cayman Islands with limited liability and will be the general partner of the Belt and Road Glass Fund
“Kazakhstan Project”	the construction project of a float glass manufacturing line with an expected capacity of 197,000 tons per year in Kyzylorda, Kazakhstan
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of the Shares of the Company
“Shares”	ordinary shares of HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.178 and the amounts quoted in USD have been converted into HK\$ at the rate of USD1.00 to HK\$7.807. Such exchange rates have been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “holding company(ies)”, “percentage ratio(s)”, “substantial shareholder(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
Cui Xiangdong
Chief Executive Officer

Hong Kong, 13 December 2017

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

Executive director:

Mr. Cui Xiangdong (*Chief Executive Officer*)

Non-executive directors:

Mr. Peng Shou (*Chairman*); Mr. Zhao John Huan; Mr. Zhou Cheng (*Honorary Chairman*); and Mr. Tang Liwei

Independent non-executive directors:

Mr. Zhang Baiheng; Mr. Zhao Lihua; and Mr. Chen Huachen

* *For identification purpose only*