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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 CONSTRUCTION CONTRACT FOR NEW ELECTRONIC GLASS PRODUCTION LINE

THE CONSTRUCTION CONTRACTS

The Board announces that on 25 August 2016, CNG Electronic Glass (a wholly-owned subsidiary of the Company) entered into the Construction Contracts with Shenzhen Triumph Technology Engineering, pursuant to which CNG Electronic Glass engaged Shenzhen Triumph Technology Engineering to carry out design, procurement and installation work for the Relevant Components in the Group's new electronic glass production line.

LISTING RULES IMPLICATIONS

Triumph Group Company, a substantial shareholder of the Company, is a connected person of the Company under the Listing Rules. Shenzhen Triumph Technology Engineering is an associate of Triumph Group Company under the Listing Rules. Accordingly, the Construction Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Construction Contracts exceed 0.1% but all are less than 5%, the Construction Contracts are subject to the annual reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE CONSTRUCTION CONTRACTS

Date

25 August 2016

Parties

- (1) CNG Electronic Glass, as the hirer
- (2) Shenzhen Triumph Technology Engineering, as the principal contractor

Scope of services

Pursuant to the Construction Contracts, Shenzhen Triumph Technology Engineering agrees to carry out design, procurement and installation work for the Relevant Components in a new electronic glass production line for CNG Electronic Glass with a daily melting capacity of 400 tonnes. Shenzhen Triumph Technology Engineering shall act as the principal contractor and be responsible for the overall planning and construction of the Relevant Components in the production line. Under the Construction Contracts, the work engaged by Shenzhen Triumph Technology Engineering includes (i) the sourcing and supply of sourcing of components and construction materials, design and planning for the Relevant Components in the production line, (ii) the installation, testing and quality checking for the Relevant Components in the production line. The construction work is expected to complete by the end of December 2016.

Contract price

The contract prices for (i) the sourcing and supply of construction materials, design and planning for the Relevant Components in the production line is RMB22,400,000 (equivalent to approximately HK\$26,342,400), and (ii) the installation, testing and quality checking for the Relevant Components in the production line is RMB8,780,000 (equivalent to approximately HK\$10,325,280).

The contract price was arrived at after arm's length negotiation between CNG Electronic Glass and Shenzhen Triumph Technology Engineering having considered the expected cost for other independent contractors providing such services including, among other things, the cost of design, sourcing of components and materials, labour and technical advice on electronic glass production line. Having compared with quotations obtained by the Company from another independent contractor with experience in design and installation of electronic glass production lines and other independent contractors with experience in designing and installing projects of similar size and complexity, the contract price is no less favourable than the market prices of other independent contractors for works of similar nature.

Payment terms

CNG Electronic Glass will make installment payments to Shenzhen Triumph Technology Engineering based on the progress of the work completed by Shenzhen Triumph Technology Engineering in accordance with the terms of the Construction Contracts at the following stages: (i) after the signing of the Construction Contracts and prior to the test run of the Relevant Components, (ii) upon the successful completion of the test run of the Relevant Components, (iii) upon passing of the inspection and testing by the environmental bureau of the PRC government or qualified third party inspector, and (iv) upon completion of the construction of the Relevant Components.

INFORMATION ON THE GROUP AND THE PARTIES TO THE CONSTRUCTION CONTRACTS

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 Electronic Glass is an indirectly wholly-owned subsidiary of the Company, which is principally engaged in the production, marketing and distribution of glass and glass products. It has planned for and commenced the construction of an electronic glass production line located in Suqian, Jiangsu Province, PRC with a daily melting capacity of 400 tonnes.

Shenzhen Triumph Technology Engineering

Shenzhen Triumph Technology Engineering is a wholly-owned subsidiary of CTIEC. CTIEC is directly owned as to 91% by CNBM, which in turn is directly and indirectly owned by CNBM Group Corporation through various entities as to a total of 44.11% of its interest. CNBM Group Corporation wholly owns Triumph Group Company, which is a substantial shareholder of the Company holding 14.36% of the issued Shares. Shenzhen Triumph Technology Engineering is primarily engaged in providing research and development, technical consulting and technical support on areas such as new materials, ceramics, heat-proof materials and environmental protection. For environmental protection, it has extensive experience in pollution control, environmental impact assessment and other services in relation to air treatment, waste water treatment, solid waste treatment projects.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION CONTRACTS

In line with its strategy to promote innovation and maintain its high technology competitive edge in the industry, the Company has been focusing on new product planning, one of which is the research and development on electronic glass. Electronic glass is ultra-thin glass products designed for uses in electronic products. Please refer to the announcements of the Company dated 15 December 2015 for further details of the electronic glass production business.

To develop its electronic glass manufacturing capability, CNG Electronic Glass, an indirectly wholly-owned subsidiary of the Company, has commenced the construction of the new electronic glass production line in Suqian, Jiangsu Province, the PRC. The Group engaged CTIEC, an associate of CNBM Group Corporation and a leading and established engineering company, to carry out design and planning work of the Group's electronic glass production line in December 2015. Shenzhen Triumph Technology Engineering is a wholly-owned subsidiary of CTIEC, which has the experience and expertise in the design, planning and installation of the Relevant Components in the electronic glass production lines in the PRC. The Company considers that Shenzhen Triumph Technology Engineering will provide valuable contribution and quality assurance in the Company's construction plan for its new electronic glass production line.

Mr. Peng Shou, the deputy chairman of the Board, is also the executive director and vice president of CNBM, legal representative and general manager of Triumph Group Company, chairman and legal representative of CTIEC. Although Mr. Peng has no material interest in the Construction Contracts, he has abstained from voting on the relevant Board meeting approving the above contracts for better corporate governance practice.

The Directors (including the independent non-executive directors and except for Mr. Peng) are of the view that the entering into of the Construction Contracts are in the ordinary and usual course of business of the Group, and the terms and conditions of the Construction Contracts are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Triumph Group Company, a substantial shareholder of the Company, is a connected person of the Company under the Listing Rules. Shenzhen Triumph Technology Engineering is an associate of Triumph Group Company under the Listing Rules. Accordingly, the Construction Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Construction Contracts exceed 0.1% but all are less than 5%, the Construction Contracts are subject to the annual reporting and announcement requirements but are exempt from independent shareholders' approval requirement under 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:

“Board”	the board of Directors of the Company
“CNBM Group Corporation”	China National Building Material Group Corporation* (中國建築材料集團有限公司), a limited company incorporated under the laws of the PRC
“CNBM”	China National Building Material Company Limited* (中國建材股份有限公司) (Stock Code: 3323), a limited company incorporated under the laws of the PRC and the shares of which are listed on the main board of the Stock Exchange
“CNG Electronic Glass”	Suqian CNG Electronic Glass Co., Ltd.* (宿遷中玻電子玻璃有限公司), a limited liability company incorporated under the laws of the PRC and an indirect 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 are listed on the main board of the Stock Exchange
“Construction Contracts”	the two principal contractor agreements both dated 25 August 2016 entered into by CNG Electronic Glass and Shenzhen Triumph Technology Engineering for the construction of the Relevant Components in the electronic glass production line of CNG Electronic Glass, in relation to (i) the sourcing and supply of construction materials, design and planning of the Relevant Components in the production line, (ii) the installation, testing and quality checking of the Relevant Components in the production line
“CTIEC”	China Triumph International Engineering Company Limited* (中國建材國際工程集團有限公司), a limited company incorporated under the laws of the PRC
“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
“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
“Relevant Components”	the homogenisation silo, heat regeneration chamber and flue gas treatment system of the glass melting furnace
“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
“Shenzhen Triumph Technology Engineering”	Shenzhen Triumph Technology Engineering Co., Ltd* (深圳市凱盛科技工程有限公司), a limited company incorporated under the laws of the PRC and a wholly-owned subsidiary of CTIEC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triumph Group Company”	Triumph Technology Group Company* (凱盛科技集團公司), an enterprise under ownership of the whole people incorporated in the PRC, a substantial shareholder of the Company and a wholly-owned subsidiary of CNBM Group Corporation
“%”	per cent.

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “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, 25 August 2016

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. Zhao John Huan (*Chairman*); Mr. Peng Shou (*Deputy Chairman*); Mr. Zhou Cheng (*Honorary Chairman*); and Mr. Guo Wen

Independent non-executive directors:

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

* *For identification only*