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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 TRANSACTION**

### **FINANCE LEASE ARRANGEMENTS**

The Board would like to announce that on 28 February 2017, Shaanxi CNG and the Lessor entered into the Finance Lease Arrangements, involving the Shaanxi Ownership Transfer Agreement and the Shaanxi Leaseback Agreement, pursuant to which the Lessor has agreed, among other things, to (i) purchase the Shaanxi Leased Assets from Shaanxi CNG at a consideration of RMB58,750,000, and (ii) lease back the Shaanxi Leased Assets to Shaanxi CNG for a period of three (3) years with an aggregate lease payment of approximately RMB64,066,500, which is to be payable by Shaanxi CNG to the Lessor in twelve (12) equal instalments.

On 28 February 2017, Xianyang CNG and the Lessor also entered into the Finance Lease Arrangements, involving the Xianyang Ownership Transfer Agreement and the Xianyang Leaseback Agreement, pursuant to which the Lessor has agreed, among other things, to (i) purchase the Xianyang Leased Assets from Xianyang CNG at a consideration of RMB58,750,000, and (ii) lease back the Xianyang Leased Assets to Xianyang CNG for a period of three (3) years with an aggregate lease payment of approximately RMB64,066,500, which is to be payable by Xianyang CNG to the Lessor in twelve (12) equal instalments.

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements, on an aggregated basis, is more than 5% but are all less than 25%, the Finance Lease Arrangements constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **THE SHAANXI FINANCE LEASE ARRANGEMENT**

### **The Shaanxi Ownership Transfer Agreement and the Shaanxi Leaseback Agreement**

The principal terms of the Shaanxi Ownership Transfer Agreement and the Shaanxi Leaseback Agreement are set out below:

Date: 28 February 2017

Parties:

- (1) the Lessor; and
- (2) Shaanxi CNG (as the lessee).

### **Purchase of the Shaanxi Leased Assets**

Pursuant to the Shaanxi Ownership Transfer Agreement, Shaanxi CNG agreed to sell, and the Lessor agreed to purchase, the Shaanxi Leased Assets owned by Shaanxi CNG at a consideration of RMB58,750,000 (the "**Shaanxi Purchase Price**"). The Shaanxi Purchase Price was determined after arm's length negotiations between the parties to the Shaanxi Ownership Transfer Agreement with reference to the original purchase value of the Shaanxi Sale Assets, which is RMB60,257,884.

The Shaanxi Ownership Transfer Agreement is conditional upon the Shaanxi Leaseback Agreement coming into effect, and the payment of the Shaanxi Purchase Price is conditional upon the Lessor receiving a payment notice and a payment receipt from Shaanxi CNG. The Shaanxi Purchase Price shall be paid by the Lessor to Shaanxi CNG within seven (7) business days from the date on which the above conditions are satisfied.

## **Lease back of the Shaanxi Leased Assets**

Pursuant to the Shaanxi Leaseback Agreement, the Shaanxi Leased Assets will be leased back to Shaanxi CNG for a period of three (3) years.

## **Lease Payments**

The aggregate lease payments (the “**Shaanxi Lease Payments**”) payable by Shaanxi CNG to the Lessor under the Shaanxi Leaseback Agreement shall be approximately RMB64,066,500, comprising (i) the principal of RMB58,750,000, which is equal to the Shaanxi Purchase Price and (ii) an aggregate interest of approximately RMB5,316,500, representing a fixed annual interest rate of approximately 5.94%, payable in twelve (12) equal instalments during the Leased Period.

The Shaanxi Lease Payments to be made by Shaanxi CNG under the Shaanxi Leaseback Agreement were determined after arm’s length negotiations between the parties to the Shaanxi Leaseback Agreement with reference to the prevailing market rates for finance lease of comparable machineries.

## **Deposit**

Pursuant to the Shaanxi Leaseback Agreement, Shaanxi CNG shall pay a deposit (free from interest) of RMB8,812,500 to the Lessor, which will be deducted directly from the Shaanxi Lease Payment. If Shaanxi CNG fails to pay the lease payments or any other liabilities under the Shaanxi Leaseback Agreement in time, the Lessor is entitled to deduct the corresponding amount from the deposit and Shaanxi CNG shall immediately replenish the deposit. In the event that six (6) months before the end of the Lease Period, the deposit has not been deducted or has been fully replenished, the deposit may be used to set off the remaining lease payments and the nominal repurchase price for reacquiring the Shaanxi Leased Assets. Any remaining amount after the set-off shall be returned to Shaanxi CNG.

## **Ownership of the Shaanxi Leased Assets**

The ownership of the Shaanxi Leased Assets under the Shaanxi Ownership Transfer Agreement will be vested in the Lessor throughout the Lease Period. At the end of the Lease Period and subject to payment by Shaanxi CNG of (i) all amounts due under the Shaanxi Leaseback Agreement; and (ii) a nominal repurchase price of RMB1,000, the ownership of the Shaanxi Leased Assets will be vested in Shaanxi CNG.

## **Early Termination**

During the period between the expiry of the first six months after the beginning of the Lease Period and the end of the Lease Period, Shaanxi CNG may serve one (1) month's notice to the Lessor requesting for an early termination of the Shaanxi Leaseback Agreement. Subject to the agreement of the Lessor, Shaanxi CNG shall make a payment in full to the Lessor of the following: (i) all of the outstanding Shaanxi Lease Payments that has been due; (ii) the principal portion of the undue Shaanxi Lease Payments; (iii) 20% of the interest portion of the undue Shaanxi Lease Payments; and (iv) the nominal repurchase price for reacquiring the Shaanxi Leased Assets. Upon receipt of all the above payment by the Lessor, the Shaanxi Leaseback Agreement shall be terminated, upon which the ownership of the Shaanxi Leased Assets shall be transferred back to Shaanxi CNG.

## **The Shaanxi Guarantees**

In connection with the Shaanxi Leaseback Agreement, on 28 February 2017, the Company and a number of its subsidiaries (i.e. CNG Technology, Weihai CNG and Xianyang CNG) each entered into a guarantee agreement with the Lessor, pursuant to which each of CNG Technology, Weihai CNG, Xianyang CNG and the Company separately agreed to provide guarantee in favour of the Lessor for the liabilities of Shaanxi CNG under the Shaanxi Leaseback Agreement. In addition, Mr. Cui, the executive director of the Company, also entered into the Shaanxi Letter of Guarantee with the Lessor, pursuant to which Mr. Cui agreed to provide guarantee in favour of the Lessor on a joint basis for the liabilities of Shaanxi CNG under the Shaanxi Leaseback Agreement.

# **THE XIANYANG FINANCE LEASE ARRANGEMENT**

## **The Xianyang Ownership Transfer Agreement and the Xianyang Leaseback Agreement**

The principal terms of the Xianyang Ownership Transfer Agreement and the Xianyang Leaseback Agreement are set out below:

Date: 28 February 2017

Parties:

- (1) the Lessor; and
- (2) Xianyang CNG (as the lessee).

### **Purchase of the Xianyang Leased Assets**

Pursuant to the Xianyang Ownership Transfer Agreement, Xianyang CNG agreed to sell, and the Lessor agreed to purchase, the Xianyang Leased Assets owned by Xianyang CNG at a consideration of RMB58,750,000 (the “**Xianyang Purchase Price**”). The Xianyang Purchase Price was determined after arm’s length negotiations between the parties to the Xianyang Ownership Transfer Agreement with reference to the original purchase value of the Xianyang Sale Assets, which is RMB62,442,535.

The Xianyang Ownership Transfer Agreement is conditional upon the Xianyang Leaseback Agreement coming into effect, and the payment of the Xianyang Purchase Price is conditional upon the Lessor receiving a payment notice and a payment receipt from Xianyang CNG. The Xianyang Purchase Price shall be paid by the Lessor to Xianyang CNG within seven (7) business days from the date on which the above conditions are satisfied.

### **Lease back of the Xianyang Leased Assets**

Pursuant to the Xianyang Leaseback Agreement, the Xianyang Leased Assets will be leased back to Xianyang CNG for a period of three (3) years.

## **Lease Payments**

The aggregate lease payments (the “**Xianyang Lease Payments**”) payable by Xianyang CNG to the Lessor under the Xianyang Leaseback Agreement shall be approximately RMB64,066,500, comprising (i) the principal of RMB58,750,000, which is equal to the Xianyang Purchase Price and (ii) an aggregate interest of approximately RMB5,316,500, representing a fixed annual interest rate of approximately 5.94%, payable in twelve (12) equal instalments during the Leased Period.

The Xianyang Lease Payments to be made by Xianyang CNG under the Xianyang Leaseback Agreement were determined after arm’s length negotiations between the parties to the Xianyang Leaseback Agreement with reference to the prevailing market rates for finance lease of comparable machineries.

## **Deposit**

Pursuant to the Xianyang Leaseback Agreement, Xianyang CNG shall pay a deposit (free from interests) of RMB8,812,500 to the Lessor, which will be deducted directly from the Xianyang Lease Payment. If Xianyang CNG fails to pay the lease payments or any other liabilities under the Xianyang Leaseback Agreement in time, the Lessor is entitled to deduct the corresponding amount from the deposit and Xianyang CNG shall immediately replenish the deposit. In the event that in six (6) months before the end of the Lease Period, the deposit has not been deducted or has been fully replenished, the deposit may be used to set off the remaining lease payments and the nominal repurchase price for reacquiring the Xianyang Leased Assets. Any remaining amount after the set-off shall be returned to Xianyang CNG.

## **Ownership of the Xianyang Leased Assets**

The ownership of the Xianyang Leased Assets under the Xianyang Ownership Transfer Agreement will be vested in the Lessor throughout the Lease Period. At the end of the Lease Period and subject to payment by Xianyang CNG of (i) all amounts due under the Xianyang Leaseback Agreement; and (ii) a nominal repurchase price of RMB1,000, the ownership of the Xianyang Leased Assets will be vested in Xianyang CNG.

## **Early Termination**

During the period between the expiry of the first six months after the beginning of the Lease Period and the end of the Lease Period, Xianyang CNG may serve one (1) month's notice to the Lessor requesting for an early termination of the Xianyang Leaseback Agreement. Subject to the agreement of the Lessor, Xianyang CNG shall make a payment in full to the Lessor of the following: (i) all of the outstanding Xianyang Lease Payments that has been due; (ii) the principal portion of the undue Xianyang Lease Payments; (iii) 20% of the interest portion of the undue Xianyang Lease Payments; and (iv) the nominal repurchase price for reacquiring the Xianyang Leased Assets. Upon receipt of all the above payment by the Lessor, the Xianyang Leaseback Agreement shall be terminated, upon which the ownership of the Xianyang Leased Assets shall be transferred back to Xianyang CNG.

## **The Xianyang Guarantees**

In connection with the Xianyang Leaseback Agreement, on 28 February 2017, the Company and a number of its subsidiaries (i.e. CNG Technology, Weihai CNG and Shaanxi CNG) each entered into a guarantee agreement with the Lessor, pursuant to which each of CNG Technology, Weihai CNG, Shaanxi CNG and the Company separately agreed to provide guarantee in favour of the Lessor for the liabilities of Xianyang CNG under the Xianyang Leaseback Agreement. In addition, Mr. Cui, the executive director of the Company, also entered into the Xianyang Letter of Guarantee with the Lessor, pursuant to which Mr. Cui agreed to provide guarantee in favour of the Lessor on a joint basis for the liabilities of Xianyang CNG under the Xianyang Leaseback Agreement.

## **REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS**

The terms of the Finance Lease Arrangements, including, the Purchase Price and the Lease Payments, were determined after arm's length negotiations. The Directors (except for Mr. Cui, who abstained from voting in the relevant Board meeting) are of the view that the Group will be able to replenish the operating cash of the Company 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.

Shaanxi CNG is an indirectly non-wholly-owned subsidiary of the Company. Shaanxi CNG is a limited liability company established in the PRC and is principally engaged in the business of the production, marketing and distribution of glass and glass products.

Xianyang CNG is an indirectly non-wholly-owned subsidiary of the Company. Xianyang CNG is a limited liability company established in 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 limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Far East Horizon Limited (stock code: 3360), a company listed on the Main Board of the Stock Exchange. The Lessor is mainly engaged in the provision of integrated financial solutions built around finance leases and comprehensive value-added services of financial management, business operation, asset management and management consulting.



## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangements, on an aggregated basis, is more than 5% but are all less than 25%, the Finance Lease Arrangements constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Mr. Cui, as the Executive Director of the Company, is a connected person of the Company under the Listing Rules. Given that the Shaanxi Letter of Guarantee and the Xianyang Letter of Guarantee provided by Mr. Cui are (i) conducted on normal commercial terms or better; and (ii) not secured by the assets of the Group; the Shaanxi Letter of Guarantee and the Xianyang Letter of Guarantee are fully exempt from the reporting, announcement and independent shareholders' approval requirement under Chapter 14A 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 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
“CNG Technology”	Zhongbo Technology Company Limited* (中玻科技有限公司), a limited liability company incorporated in the PRC and an indirectly non-wholly-owned subsidiary of the Company
“Directors”	the directors of the Company

“Finance Lease Arrangements”	the arrangements contemplated under the Ownership Transfer Agreements and the Leaseback Agreements
“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
“Leaseback Agreements”	Shaanxi Leaseback Agreement and Xianyang Leaseback Agreement
“Lease Payments”	the Shaanxi Lease Payments and the Xianyang Lease Payments
“Lease Period”	three (3) years commencing from the date on which the Purchase Price is paid to the Lessees
“Lessees”	Shaanxi CNG and Xianyang CNG
“Lessor”	International Far Eastern Leasing Company Limited* (遠東國際租賃有限公司), a limited liability company incorporated in the PRC and a direct wholly owned subsidiary of Far East Horizon Limited (stock code: 3360), a company listed on the Main Board of the Stock Exchange.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Cui”	Mr. Cui Xiangdong, the Executive Director of the Company

“Ownership Transfer Agreements”	Shaanxi Ownership Transfer Agreement and Xianyang Ownership Transfer Agreement
“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)
“Purchase Price”	the Shaanxi Purchase Price and the Xianyang Purchase Price
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi CNG”	Shaanxi CNG New Technology Company Limited* (中玻(陝西)新技術有限公司), a limited liability company established in the PRC and an indirectly non-wholly-owned subsidiary of the Company
“Shaanxi Guarantee Agreements”	the guarantee agreements entered into by the Lessor with CNG Technology, Weihai CNG, Xianyang CNG and the Company respectively on 28 February 2017, pursuant to which each of CNG Technology, Weihai CNG, Xianyang CNG and the Company separately agreed to provide guarantee in favour of the Lessor for the liabilities of Shaanxi CNG under the Shaanxi Leaseback Agreement
“Shaanxi Leaseback Agreement”	the leaseback agreement entered into between Shaanxi CNG and the Lessor on 28 February 2017, pursuant to which the Shaanxi Leased Assets will be leased back to Shaanxi CNG for a period of three (3) years.

“Shaanxi Leased Assets”	certain machinery and equipment currently owned by Shaanxi CNG for the manufacturing of glass products
“Shaanxi Letter of Guarantee”	the letter of guarantee entered into between Mr. Cui and the Lessor on 28 February 2017, pursuant to which Mr. Cui agreed to provide guarantee in favour of the Lessor on a joint basis for the liabilities of Shaanxi CNG under the Shaanxi Leaseback Agreement
“Shaanxi Ownership Transfer Agreement”	the Ownership Transfer Agreement entered into between Shaanxi CNG and the Lessor on 28 February 2017, pursuant to which Shaanxi CNG agreed to sell, and the Lessor agreed to purchase, the Shaanxi Leased Assets owned by Shaanxi CNG
“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
“Weihai CNG”	Weihai CNG New Technology Glass Company Limited* (威海中玻新技術玻璃有限公司), a limited liability company incorporated in the PRC and an indirectly non-wholly-owned subsidiary of the Company
“Xianyang CNG”	Xianyang CNG Coated Glass Company Limited* (中玻(咸陽)鍍膜玻璃有限公司), a limited liability company established in the PRC and an indirectly non-wholly-owned subsidiary of the Company

“Xianyang Guarantee Agreements”	the guarantee agreements entered into by the Lessor with CNG Technology, Weihai CNG, Shaanxi CNG and the Company respectively on 28 February 2017, pursuant to which each of CNG Technology, Weihai CNG, Shaanxi CNG and the Company separately agreed to provide guarantee in favour of the Lessor for the liabilities of Xianyang CNG under the Xianyang Leaseback Agreement
“Xianyang Leaseback Agreement”	the leaseback agreement entered into between Xianyang CNG and the Lessor on 28 February 2017, pursuant to which the Xianyang Leased Assets will be leased back to Xianyang CNG for a period of three (3) years.
“Xianyang Leased Assets”	certain machinery and equipment currently owned by Xianyang CNG for the manufacturing of glass products
“Xianyang Letter of Guarantee”	the letter of guarantee entered into between Mr. Cui and the Lessor on 28 February 2017, pursuant to which Mr. Cui agreed to provide guarantee in favour of the Lessor on a joint basis for the liabilities of Xianyang CNG under the Xianyang Leaseback Agreement
“Xianyang Ownership Transfer Agreement”	the ownership transfer agreement entered into between Xianyang CNG and the Lessor on 28 February 2017, pursuant to which Xianyang CNG agreed to sell, and the Lessor agreed to purchase, the Xianyang Leased Assets owned by Xianyang CNG
“%”	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, 28 February 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. 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*