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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**

### **DONGTAI FINANCE LEASE ARRANGEMENT**

The Board would like to announce that on 23 June 2017, Dongtai China Glass (as lessee) entered into the Dongtai Finance Lease Arrangement which included: (i) the Sale and Purchase Agreement and (ii) the Financial Lease Agreement with the Lessor. Pursuant to the Dongtai Finance Lease Arrangement, the Lessor has agreed, among other things, to (i) purchase the Leased Asset from Dongtai China Glass at a consideration of RMB100 million, and (ii) lease the Leased Asset to Dongtai China Glass for a period of four (4) years with an aggregate lease payment of approximately RMB115.5 million, which is to be payable by Dongtai China Glass to the Lessor on a quarterly basis in sixteen (16) equal instalments.

As one or more of the applicable percentage ratios in respect of the Dongtai Finance Lease Arrangement is more than 5% but are all less than 25%, the Dongtai Finance Lease Arrangement constitutes 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 SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 23 June 2017

Parties:

- (1) the Lessor (as purchaser); and
- (2) Dongtai China Glass (as seller).

### **Purchase of the Leased Asset**

As part of the Dongtai Finance Lease Arrangement and pursuant to the Sale and Purchase Agreement, the Lessor agreed to procure from Dongtai China Glass, the Leased Asset, at a consideration of RMB100 million (the “**Purchase Price**”). Pursuant to the Dongtai Finance Lease Arrangement, the Leased Asset will be leased back by the Lessor to the Dongtai China Glass. The Purchase Price was determined after arm’s length negotiations between the parties to the Sale and Purchase Agreement with reference to the net book value of the Leased Asset, which is approximately RMB109.7 million.

## **THE FINANCE LEASE AGREEMENT**

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

Date: 23 June 2017

Parties:

- (1) the Lessor; and
- (2) Dongtai China Glass (as lessee).

## **Lease back of the Leased Asset**

As part of the Dongtai Finance Lease Arrangement and pursuant to the Finance Lease Agreement, the Lessor agreed to lease the Leased Asset to Dongtai China Glass for a period of four (4) years.

## **Lease Payments**

The aggregate lease payments (the “**Lease Payments**”) payable by Dongtai China Glass to the Lessor under the Finance Lease Agreement shall be approximately RMB115.5 million, comprising (i) the principal amount of RMB100 million, which is equal to the Purchase Price; (ii) interest payments of approximately RMB11.5 million, estimated based on the annual interest rate of approximately 5.225% (determined and may be adjusted with reference to the benchmark interest rate for RMB loans with the same maturity as the Lease Period as promulgated by the People’s Bank of China from time to time); and (iii) a service fee of RMB4 million for provision of technical support and consulting services by the Lessor, in relation to structure design of finance lease, other general financial and economic issues in relation to finance lease and process optimisation design. The principal amount and the interest payments are payable on a quarterly basis in sixteen (16) equal instalments during the Lease Period. The Lease Payments were determined after arm’s length negotiations between the parties to the Finance Lease Agreement with reference to the prevailing market rates for finance leases for similar assets.

## **Deposit**

Pursuant to the Finance Lease Agreement, Dongtai China Glass shall pay a deposit (free from interests) of RMB5 million to the Lessor. If Dongtai China Glass fails to pay the lease payments or any other liabilities under the Finance Lease Agreement in time, the Lessor is entitled to deduct the corresponding amount from the deposit and may request Dongtai China Glass to replenish the Deposit if the current balance of the Deposit at any time falls below RMB5 million as a result of deduction of the Deposit pursuant to the Finance Lease Agreement. At the end of the Lease Period, if Dongtai China Glass has not breached any of the terms of the Lease Agreement or if a breach has occurred but has been remedied by Dongtai China Glass, the deposit may be used to set off any outstanding Lease Payments or returned to Dongtai China Glass.

## **Ownership of the Leased Asset**

At the end of the Lease Period and subject to payment by Dongtai China Glass of (i) all amounts due under the Finance Lease Agreement; and (ii) a nominal repurchase price of RMB100, the ownership of the Leased Asset will be transferred back to Dongtai China Glass.

## **THE GUARANTEES BY THE COMPANY AND TRIUMPH GROUP COMPANY**

In connection with the Finance Lease Agreement, each of the Company and Triumph Group Company separately agreed to provide guarantee to the Lessor on a joint basis for the liabilities of Dongtai China Glass under the Finance Lease Agreement.

## **REASONS FOR AND BENEFITS OF THE DONGTAI FINANCE LEASE ARRANGEMENT**

The terms of the Dongtai Finance Lease Arrangement, including, the Purchase Price and the Lease Payments, were determined after arm's length negotiations with reference to the net book value of the Leased Asset, which is approximately RMB109.7 million and the prevailing market rates for finance leases for similar assets. The Directors are of the view that the Group will be able to replenish the operating cash of the Company through the Dongtai Finance Lease Arrangement and that the terms and conditions of the Dongtai Finance Lease Arrangement 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.

Dongtai China Glass is an indirectly wholly-owned subsidiary of the Company. Dongtai China Glass is a limited liability company established in the PRC and is principally engaged in the business of the production, marketing and distribution of float glass and online Low-E glass products.

### **The Lessor**

The Lessor is a limited liability company established in the PRC and a wholly-owned subsidiary of Sinomach Automobile Co., Ltd\* (國機汽車股份有限公司) (Stock code: 600335), a company listed on the Shanghai Stock Exchange. The Lessor is mainly engaged in the provision of finance leasing services in the PRC.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as otherwise disclosed in this announcement, 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 Dongtai Finance Lease Arrangement is more than 5% but are all less than 25%, the Dongtai Finance Lease Arrangement constitutes 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.

## 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
“Directors”	the directors of the Company
“Dongtai China Glass”	Dongtai China Glass Special Glass Company Limited* (東台中玻特種玻璃有限公司), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of the Company
“Dongtai Finance Lease Arrangement”	the arrangement contemplated under the Sale and Purchase Agreement and the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement entered into between Dongtai China Glass and the Lessor on 23 June 2017, pursuant to which the Leased Asset will be leased back to Dongtai China Glass for a period of four (4) years
“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
“Lease Period”	four (4) years commencing from the date on which the Purchase Price is paid to the Lessor

“Leased Asset”	certain machinery and equipment of the Online Low-E glass production line
“Lessor”	Huiyi Finance Leasing (Tianjin) Limited* (匯益融資租賃(天津)有限公司), a Company incorporated in the PRC with limited liability
“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
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between Dongtai China Glass and the Lessor on 23 June 2017, pursuant to which Dongtai China Glass agreed to sell, and the Lessor agreed to purchase, the Leased Asset owned by Dongtai China Glass
“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
“Triumph Group Company”	Triumph Technology Group Company* (凱盛科技集團公司), a state-owned company incorporated under the laws of the PRC and a substantial shareholder of the Company
“%”	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, 23 June 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*