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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Glass Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected, for transmission to the purchaser or transferee.



CHINA GLASS HOLDINGS LIMITED

中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3300)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS –
JIANGSU ENGINEERING CONTRACTS;
AND
(2) CONNECTED TRANSACTIONS –
OLIVOTTO SUPPLY CONTRACTS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

 **金融有限公司**
OCTAL Capital Limited

A notice convening the Special General Meeting of China Glass Holdings Limited (the “SGM”) to be held at Admiralty & The Peak, Level 3, JW Marriott Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 24 November 2020 at 9:30 a.m. or at any adjournment thereof is set out on pages 37 to 41 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.chinaglassholdings.com).

Whether or not shareholders are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for the SGM (i.e. not later than 9:30 a.m. on Sunday, 22 November 2020) or at any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish.

Precautionary measures and special arrangements for the SGM

Considering the outbreak of the coronavirus (“COVID-19”), certain measures will be implemented at the SGM with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to (a) undergo compulsory body temperature check; (b) complete a health declaration (a copy of the form is enclosed with this circular), which may be used for contact tracing, if required; and (c) wear face masks, prior to admission to the SGM venue and throughout the SGM; (ii) attendees who are subject to health quarantine prescribed by the Hong Kong Government not being admitted to the SGM venue; (iii) each attendee being assigned a designated seat at the time of registration to ensure social distancing; and (iv) no provision of refreshments, refreshment packs, drinks and corporate gifts. Instead, the Company will make a donation to a non-profit making organisation.

Please note that no face masks will be provided at the SGM venue and attendees should wear their own face masks.

The Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. Furthermore, the Company would like to remind shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and strongly recommends that shareholders appoint the Chairman of the SGM as their proxy and submit their form of proxy by the time specified above.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM (if any).

References to times and dates in this circular are to Hong Kong times and dates.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

4 November 2020

* For identification purpose only

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DEFINITIONS

In this circular and the appendices to it, the following expressions have the following meanings unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 5 October 2020 in relation to, among other things, (1) Jiangsu Engineering Contracts and (2) Olivotto Supply Contracts
“Board”	the board of Directors
“CBMIE Group”	China Building Materials International Engineering Group Co., Ltd.* (中國建材國際工程集團有限公司), a limited liability company incorporated under the Laws of the PRC and a non wholly-owned subsidiary of CNBM Group Corporation
“CNBM”	China National Building Material Company Limited *(中國建材股份有限公司), a joint stock limited company incorporated in the PRC with limited liability of its members and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 3323)
“CNBM Bengbu Design”	(CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司), a company incorporated under the Laws of the PRC and an indirect wholly-owned subsidiary of CNBM Group Corporation
“CNBM Group Corporation”	China National Building Material Group Co., Ltd.* (中國建材集團有限公司), a limited liability company incorporated under the Laws of the PRC and a PRC’s state-owned enterprise
“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)
“Connected Transactions Contracts”	the Jiangsu Engineering Contracts and the Olivotto Supply Contracts
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Existing Triumph Group Contracts”	a total of eight separate contracts previously entered into between the Group and members of Triumph Group which consist of (i) three contracts signed in July 2020 and one contract signed in June 2020 involving the consultation and design of engineering projects; and (ii) one contract signed in August 2020 involving the provision of construction services for the modification and upgrade of the flue gas treatment system; (iii) two contracts signed in September 2020 involving the supply of equipment; and (iv) one contract signed in September 2020 involving the design of an engineering project
“Euros”	the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty on the Functioning of the European Union
“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
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on (1) the Jiangsu Engineering Contracts and (2) the Olivotto Supply Contracts
“Independent Financial Adviser” or “Octal Capital Limited”	Octal Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on (1) the Jiangsu Engineering Contracts and (2) the Olivotto Supply Contracts
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolutions to be proposed at the SGM under the bye-laws of the Company currently in force and the Listing Rules

DEFINITIONS

“Jiangsu Engineering Contracts”	the engineering contracts entered into between Jiangsu SHD and CBMIE Group on 5 October 2020, which consist of: (i) the supply contract relating to the sourcing and supply of machineries and equipment for the new solar glass production line of Jiangsu SHD; and (ii) the installation contract relating to the installation, testing and quality checking of the new solar glass production line of Jiangsu SHD
“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
“Latest Practicable Date”	28 October 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Olivotto”	Olivotto Glass Technologies S.p.A. (奧利維托玻璃技術公司)*, a company incorporated under the Laws of Italy and a direct wholly-owned subsidiary of the Company
“Olivotto Supply Contracts”	the supply contracts consisting of (i) two supply contracts entered into between Olivotto and Triumph Junheng on 5 October 2020, in relation to the supply of machineries for the construction of a total of four danner tubing production lines to Triumph Junheng; and (ii) one supply contract entered into between Olivotto and CNBM Bengbu Design on 5 October 2020, in relation to the supply of machineries by Olivotto to CNBM Bengbu Design for the modification and improvement of two existing danner tubing production lines of Triumph Junheng
“PRC”	The People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
“SGM” or “Special General Meeting”	the special general meeting of the Company to be held at Admiralty & The Peak, Level 3, JW Marriott Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 24 November 2020 at 9:30 a.m. or at any adjournment thereof, for the Independent Shareholders to consider and approve the resolutions set out in the SGM Notice
“SGM Notice”	the notice convening the SGM as set out on pages 37 to 41 of this circular
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Share(s)”	ordinary share(s) of par value HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triumph Group”	Triumph Group Company and its associates
“Triumph Group Company”	Triumph Science & Technology Group Company Limited* (凱盛科技集團有限公司), a limited liability company incorporated under the Laws of the PRC, a substantial Shareholder and a wholly-owned subsidiary of CNBM Group Corporation
“Triumph Junheng”	Triumph Junheng Co., Ltd.* (凱盛君恒有限公司), a limited liability company established in the PRC and an associate of Triumph Group Company
“%”	per cent.

In this circular, 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.

* For identification purpose only

LETTER FROM THE BOARD



CHINA GLASS HOLDINGS LIMITED

中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3300)

Directors:

Executive Director

Mr. Cui Xiangdong

Non-executive Directors

Mr. Peng Shou (*Chairman*)

Mr. Zhao John Huan

Mr. Zhou Cheng (*Honorary Chairman*)

Mr. Zhang Jinshu

Independent Non-executive Directors

Mr. Zhang Baiheng

Mr. Zhao Lihua

Mr. Chen Huachen

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM10

Bermuda

**Principal Place of Business
in Hong Kong:**

Unit 2608, 26/F, West Tower

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

4 November 2020

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS –
JIANGSU ENGINEERING CONTRACTS;**

AND

**(2) CONNECTED TRANSACTIONS –
OLIVOTTO SUPPLY CONTRACTS;**

AND

(3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide the Shareholders with (a) further details of the Connected Transactions Contracts; (b) the advice from the Independent Board Committee in respect of the Connected Transactions Contracts; (c) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Transactions Contracts; and (d) the SGM Notice.

* *For identification purpose only*

LETTER FROM THE BOARD

THE JIANGSU ENGINEERING CONTRACTS

Date

5 October 2020

Parties

- (1) Jiangsu SHD, as the hirer
- (2) CBMIE Group, as the principal contractor

Scope of services

Pursuant to the Jiangsu Engineering Contracts, CBMIE Group will act as the principal contractor to supply and install machineries and equipment for the new solar glass production line of Jiangsu SHD. Under the Jiangsu Engineering Contracts, the works engaged by CBMIE Group include (i) sourcing and supply of machineries and equipment for the new solar glass production line, and (ii) the relevant installation, testing and quality checking of the new solar glass production line.

Contract prices

The aggregate contract prices under the Jiangsu Engineering Contracts for the supply and installation of machineries and equipment for the new solar glass production line is approximately RMB50 million.

The contract prices were arrived at after arm's length negotiation between Jiangsu SHD and CBMIE Group, based on a "cost plus" basis, determined based on the expected costs to be incurred by CBMIE Group (including, among other things, the cost of sourcing and supplying of machineries and equipment, and installation, testing and quality checking) plus a margin of 15%, having considered the expected prices for other independent contractors to provide such services on similar establishment of solar glass production line. The final contract prices will be adjusted based on the actual costs incurred by CBMIE Group but will not exceed RMB50 million. Having compared with two other quotations obtained by Jiangsu SHD from other independent contractors for works of similar nature, the contract prices should be no less favourable than the market prices for works of similar nature from other independent contractors and the payment terms are comparable to the payment terms with independent contractors.

Payment terms

Jiangsu SHD will make instalment payments to CBMIE Group based on the progress of the works completed by the relevant contracting parties in accordance with the terms of the Jiangsu Engineering Contracts at the following portions and stages: (i) 30% within seven working days after signing of the Jiangsu Engineering Contracts, (ii) 30% after the delivery of the main equipment and the commencement of installation, (iii) 20% within seven working days after the equipment testing and acceptance of the project, (iv) 15% at three months after the inspection and acceptance of the project, and (v) 5% within one year after the inspection of the project.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the first instalment payment as mentioned in (i) above had not been settled as the parties to the Jiangsu Engineering Contracts agreed that the payment will be settled upon the conditions precedent to the Jiangsu Engineering Contracts are fulfilled.

The Jiangsu Engineering Contracts do not contain any penalties or predetermined adjustment terms to the contract prices if CBMIE Group fails to supply or provide the machineries or services, other than clauses for a party to bring a contractual claim for loss compensation against the defaulting party.

THE OLIVOTTO SUPPLY CONTRACTS

On 5 October 2020, Olivotto entered into the Olivotto Supply Contracts, pursuant to which Olivotto agreed to (i) supply machineries for the construction of two danner tubing production lines to Triumph Junheng; (ii) supply machineries for the construction of two danner tubing production lines to Triumph Junheng, with its associate Triumph Ancai Junheng Pharmaceutical Glass (AnYang) Co., Ltd.* (凱盛安彩君恒藥玻(安陽)有限公司) (“**Triumph Ancai**”) as end user; and (iii) supply machineries to CNBM Bengbu Design for the modification and improvement of two existing danner tubing production lines of Triumph Junheng.

Details of the Olivotto Supply Contracts are set out below:

	Date of the contract	Supplier (member of the Group)	Customer	Contract object	Consideration (Euros)	Payment terms
1.	5 October 2020	Olivotto	Triumph Junheng	machineries for two danner tubing production lines	2,080,000	(i) 30% within 30 days after the date of the contract becoming unconditional; (ii) 65% upon presentation of the relevant shipment documentation; and (iii) 5% upon presentation of the relevant acceptance and invoicing documentation.
2.	5 October 2020	Olivotto	Triumph Junheng (Triumph Ancai as end user)	machineries for two danner tubing production lines	2,080,000	(i) 30% within 30 days after the date of the contract becoming unconditional; (ii) 65% upon presentation of the relevant shipment documentation; and (iii) 5% upon presentation of the relevant acceptance and invoicing documentation.
3.	5 October 2020	Olivotto	CNBM Bengbu Design	machineries for modification and improvement of two existing danner tubing production lines of Triumph Junheng	490,000	(i) 30% within 30 days after the date of the contract becoming unconditional; (ii) 65% upon presentation of the relevant shipment documentation; and (iii) 5% upon presentation of the relevant acceptance and invoicing documentation.

LETTER FROM THE BOARD

The consideration of each of the above supply contracts was arrived at after arm's length negotiation between the parties to the respective Olivotto Supply Contracts, with reference to the market prices of the similar machineries, taking into account Olivotto's historical sale price for and tender experience in supplying similar machineries and the costs of installation and starting-up of production lines; and the payment terms are comparable to the payment terms with independent customers.

The Olivotto Supply Contracts do not contain any penalties or predetermined adjustment terms to the contract prices if Olivotto fails to supply or provide the machineries or services, other than clauses for a party to bring a contractual claim for loss compensation against the defaulting party.

INFORMATION ON THE GROUP AND THE PARTIES TO THE 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, specialized 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.

Jiangsu SHD is an indirect wholly-owned subsidiary of the Company based in the PRC, and is principally engaged in the business of the production, marketing and distribution of glass and glass products.

Olivotto is a direct wholly-owned subsidiary of the Company based in Italy, and is principally engaged in the design, equipment supply, installation and commissioning services of production lines of pharmaceutical glass.

CBMIE Group, Triumph Junheng and CNBM Bengbu Design

CBMIE Group is directly owned as to 91% equity interest by CNBM, which in turn is directly and indirectly owned by CNBM Group Corporation through various entities as to a total of 41.55% of its equity interest. Triumph Junheng is owned by Triumph Group Company (a substantial Shareholder holding 23.01% of the Company's total issued Shares) as to 40% equity interest. CNBM Bengbu Design is an indirect wholly-owned subsidiary of CNBM Group Corporation. CNBM Group Corporation wholly owns Triumph Group Company.

CBMIE Group is a national comprehensive Grade-A D & R unit, an international engineering group company, a key hi-tech enterprise of the PRC and an engineering technology platform of CNBM. CBMIE Group possesses foreign trade right and grade-A qualifications for design & general contracting, engineering consultation and engineering supervision in the respects of the building material industry, light textile (domestic silicate), civil engineering, new energy engineering and special engineering projects of environment pollution treatment. Triumph Junheng is engaged in the business of producing pharmaceutical glass products. CNBM Bengbu Design provides engineering survey, consulting, designing, supervision and other services, and also produces building materials.

LETTER FROM THE BOARD

CONDITIONS PRECEDENT

Pursuant to the Connected Transactions Contracts, the Jiangsu Engineering Contracts and the Olivotto Supply Contracts are conditional upon, among other things, the approval of the Independent Shareholders at the SGM.

The Jiangsu Engineering Contracts and the Olivotto Supply Contracts are not inter-conditional with each other.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

The Group has been committed to the development of high-end energy-saving products with the development and production of solar glass products. Driven by the expansion of domestic and overseas demands, and domestic policies, the solar glass industry has shown steady growth. The construction of a deep processing line for solar glass will further enhance the overall competitiveness of the Group.

CBMIE Group is a world's leading player for the construction of glass production line, especially in the float glass fields of high-end automotive glass, solar glass and energy-saving glass. The Company considers that the experience and expertise of CBMIE Group will provide good project management and quality assurance on the construction of the solar glass production line.

Olivotto is specialized in the design and construction of production lines of pharmaceutical glass. The supply of machineries for the construction of a total of four danner tubing production lines to Triumph Junheng; and for the modification and improvement of two existing danner tubing production lines of Triumph Junheng, will enhance the achievement of upstream and downstream synergies, and develop a synergistic industry chain from front-end manufacturing equipment to end-user pharmaceutical neutral glass tube products.

The transactions contemplated under (i) the Jiangsu Engineering Contracts and the Existing Triumph Group Contracts; and (ii) the Olivotto Supply Contracts concern services and machineries relating to two different glass production lines (i.e. float glass for the former and pharmaceutical glass for the latter) involving different glass production techniques. As such, the transactions contemplated under the Jiangsu Engineering Contracts and the Existing Triumph Group Contracts are provided and/or supplied by Triumph Group which includes entities specialised in float glass production line construction, and the transactions contemplated under the Olivotto Supply Contracts are provided and supplied by Olivotto, which specialises in pharmaceutical glass production line construction.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Triumph Group Company, a substantial Shareholder, is a connected person of the Company under the Listing Rules. Each of CBMIE Group, Triumph Junheng and CNBM Bengbu Design is an associate of Triumph Group Company under the Listing Rules. Accordingly, the Connected Transactions Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition to the Jiangsu Engineering Contracts, the Group had previously entered into the Existing Triumph Group Contracts. As the Existing Triumph Group Contracts involve the provision of consultation, design, construction services, installation and supply of machineries or equipment for various engineering projects by Triumph Group to the Group, the consideration of each of the Existing Triumph Group Contracts, together with the Jiangsu Engineering Contracts, are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Jiangsu Engineering Contracts, when aggregated with each other and with the Existing Triumph Group Contracts, exceed 5%, the Jiangsu Engineering Contracts are subject to the announcement, Independent Shareholders' approval and annual reporting requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios in respect of the purchase of machineries and equipment for the new solar glass production line under the Jiangsu Engineering Contracts exceed 5% but are all less than 25%, the purchase of such machineries and equipment under the Jiangsu Engineering Contracts constitute discloseable transactions of the Company under the Listing Rules and are subject to the notification and announcement requirements but exempt from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

In addition, as one or more of the applicable percentage ratios in respect of the Olivotto Supply Contracts exceed 5%, the Olivotto Supply Contracts are subject to the announcement, Independent Shareholders' approval and annual reporting requirements under Chapter 14A of the Listing Rules. As the Olivotto Supply Contracts involve the supplying of machineries from the Group to Triumph Group and not the other way, the consideration of the Olivotto Supply Contracts will not be aggregated with the Jiangsu Engineering Contracts and the Existing Triumph Group Contracts for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. As the supply of machineries under the Olivotto Supply Contracts are revenue in nature and conducted in the ordinary and usual course of business of Olivotto, the Olivotto Supply Contracts do not constitute notifiable transactions of the Company under the Listing Rules.

LETTER FROM THE BOARD

THE SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The SGM will be convened by the Company with a view to seek approval of the Independent Shareholders for the Connected Transactions Contracts in accordance with the requirements of the Listing Rules.

The Independent Board Committee has been established to, taking into account the recommendation of the Independent Financial Adviser, consider the Connected Transactions Contracts and advise the Independent Shareholders. Octal Capital Limited has been appointed by the Company as its Independent Financial Adviser to recommend the Independent Board Committee and the Independent Shareholders in respect of the above matters.

As CBMIE Group (being contracting party to the Jiangsu Engineering Contracts), and Triumph Junheng and CNBM Bengbu Design (being contracting parties to the Olivotto Supply Contracts) are associates of Triumph Group Company under the Listing Rules, Triumph Group Company and its associates will abstain from voting in the resolutions to be proposed at the SGM to be convened for approving the Connected Transactions Contracts. As at the Latest Practicable Date, to the best knowledge of the Directors, Triumph Group Company and its associates together held 416,424,621 Shares, representing approximately 23.01% of the issued share capital of the Company.

Pursuant to Rule 13.39(4) of the Listing Rules, the resolutions set out in the SGM Notice will be decided by poll. An announcement on the poll results will be published by the Company after the SGM in the manner prescribed under the Listing Rules. The SGM Notice is set out on pages 37 to 41 of this circular.

A form of proxy for use in connection with the SGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.chinaglassholdings.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for the SGM (i.e. not later than 9:30 a.m. on Sunday, 22 November 2020) or at any adjournment thereof. Completion and delivery of the form of proxy will not preclude the Shareholder(s) from attending and voting at the SGM or any adjournment thereof if they wish so.

LETTER FROM THE BOARD

Shareholders whose names appear on the Register of Members of the Company on Tuesday, 24 November 2020 are entitled to attend and vote at the SGM. For ascertaining Shareholders' entitlement to attend and vote at the SGM, the Register of Members of the Company will be closed from Thursday, 19 November 2020 to Tuesday, 24 November 2020, both days inclusive. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 18 November 2020.

RECOMMENDATION

Mr. Peng Shou (“**Mr. Peng**”), the Chairman and a Non-executive Director of the Company, is the legal representative, secretary of the party committee, chairman of the board and general manager of Triumph Group Company; and Mr. Zhang Jinshu (“**Mr. Zhang**”), a Non-executive Director of the Company, is the vice director of the development and investment department of Triumph Group Company. Although Mr. Peng and Mr. Zhang have no material interest in the Connected Transactions Contracts, they have abstained from voting in the relevant Board resolutions approving the Connected Transactions Contracts for better corporate governance practice.

The Directors (including the Independent Non-executive Directors who have disclosed their views in the letter from the Independent Board Committee annexed herein, but excluding Mr. Peng and Mr. Zhang) are of the view that the entering into the Connected Transactions Contracts are in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and the terms and conditions of the Connected Transactions Contracts are on normal commercial terms, fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee containing its opinion on the Connected Transactions Contracts, and its recommendation as set out on pages 14 to 15 of this circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 31 of this circular in connection with its opinion on the Connected Transactions Contracts, the key assumptions made, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such recommendation.

The Independent Board Committee, having taken into account the recommendation of the Independent Financial Adviser, considers that the entering into the Connected Transactions Contracts are in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and the terms and conditions of the Connected Transactions Contracts are on normal commercial terms, fair and reasonable.

LETTER FROM THE BOARD

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Connected Transactions Contracts.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in Appendix I to this circular.

Yours faithfully,
For and on behalf of the Board
China Glass Holdings Limited
Cui Xiangdong
Executive Director



CHINA GLASS HOLDINGS LIMITED

中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3300)

Registered Office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

**Principal Place of Business
in Hong Kong:**

Unit 2608, 26/F., West Tower
Shun Tak Centre
168-200 Connaught Road
Central
Hong Kong

4 November 2020

To the Independent Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS –
JIANGSU ENGINEERING CONTRACTS;
AND
(2) CONNECTED TRANSACTIONS –
OLIVOTTO SUPPLY CONTRACTS**

We refer to the circular issued by the Company to the Shareholders dated 4 November 2020 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We have been appointed by the Board to advise the Independent Shareholders as to whether the Connected Transactions Contracts are entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and the terms and conditions of the Connected Transactions Contracts are on normal commercial terms, fair and reasonable.

Octal Capital Limited has been appointed to act as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Connected Transactions Contracts. The text of the letter from the Independent Financial Adviser containing their opinion and recommendation, the reasons for their opinion, the key assumptions made and the principal factors they have taken into consideration in arriving at their recommendation are set out from pages 16 to 31 of the Circular.

Having considered the terms and conditions of the Connected Transactions Contracts, and the opinion and recommendation of the Independent Financial Adviser, we are of the opinion that the Connected Transactions Contracts are entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and the terms and conditions of the Connected Transactions Contracts are on normal commercial terms, fair and reasonable. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Connected Transactions Contracts.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Zhang Baiheng

Mr. Zhao Lihua

Mr. Chen Huachen

Independent Non-executive Directors

* For identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Octal Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



801-805, 8/F, Nan Fung Tower
88 Connaught Road Central
Hong Kong

4 November 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS –
JIANGSU ENGINEERING CONTRACTS;
AND
(2) CONNECTED TRANSACTIONS –
OLIVOTTO SUPPLY CONTRACTS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Jiangsu Engineering Contracts and the Olivotto Supply Contracts, details of which are set out in the letter from the Board (the “**Letter from the Board**“) contained in the circular of the Company dated 4 November 2020 (the “**Circular**“), of which this letter forms part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise requires.

The Board announced that, on 5 October 2020, Jiangsu SHD entered into the Jiangsu Engineering Contracts with CBMIE Group, pursuant to which CBMIE Group was engaged by Jiangsu SHD to supply and install machineries and equipment for the new solar glass deep processing line of Jiangsu SHD. Meanwhile, on 5 October 2020, Olivotto entered into the Olivotto Supply Contracts, pursuant to which Olivotto agreed to (i) supply machineries for the construction of a total of four danner tubing production lines to Triumph Junheng; and (ii) supply machineries to CNBM Bengbu Design for the modification and improvement of two existing danner tubing production lines of Triumph Junheng. The entering into of the Jiangsu Engineering Contracts and the Olivotto Supply Contracts are not inter-conditional with each other.

As at the Latest Practicable Date, Triumph Group Company, a substantial shareholder of the Company, is a connected person of the Company under the Listing Rules. Each of CBMIE Group, Triumph Junheng and CNBM Bengbu Design is an associate of Triumph Group Company under the Listing Rules. Accordingly, both the Jiangsu Engineering Contracts and the Olivotto Supply Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition to the Jiangsu Engineering Contracts, the Group had previously entered into the Existing Triumph Group Contracts with the Triumph Group. As the Existing Triumph Group Contracts involve the provision of consultation, design, construction services, installation and supply of machineries or equipment for various engineering projects by the Triumph Group to the Group, the consideration of each of the Existing Triumph Group Contracts, together with the Jiangsu Engineering Contracts, are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the purchase of machineries and equipment for the new solar glass production line under the Jiangsu Engineering Contracts exceed 5% but are all less than 25%, the purchase of such machineries and equipment under the Jiangsu Engineering Contracts constitute discloseable transaction of the Company under the Listing Rules and are subject to the notification and announcement requirements but are exempted from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules. However, as one or more of the applicable percentage ratios in respect of the Jiangsu Engineering Contracts, when aggregated with each other and with the Existing Triumph Group Contracts, exceed 5%, the Jiangsu Engineering Contracts are subject to the announcement, Independent Shareholders' approval and annual reporting requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios in respect of the Olivotto Supply Contracts exceed 5%, the Olivotto Supply Contracts are subject to the announcement, Independent Shareholders' approval and annual reporting requirements under Chapter 14A of the Listing Rules. As the Olivotto Supply Contracts involve the supplying of machineries from the Group to Triumph Group and not the other way, the consideration of the Olivotto Supply Contracts will not be aggregated with the Jiangsu Engineering Contracts and the Existing Triumph Group Contracts for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. As the supply of machineries under the Olivotto Supply Contracts are revenue in nature and are conducted in the ordinary and usual course of business of Olivotto, the Olivotto Supply Contracts do not constitute notifiable transactions of the Company under the Listing Rules.

Mr. Peng, the Chairman and a Non-executive Director of the Company, is the legal representative, secretary of the party committee, chairman of the board and general manager of Triumph Group Company; and Mr. Zhang, a Non-executive Director of the Company, is the vice director of the development and investment department of Triumph Group Company. Although Mr. Peng and Mr. Zhang have no material interest in the Jiangsu Engineering Contracts and the Olivotto Supply Contracts, they have abstained from voting in the relevant Board resolutions approving the above contracts for better corporate governance practice.

An independent board committee comprising the Independent Non-executive Directors, namely Mr. Zhang Baiheng, Mr. Zhao Lihua and Mr. Chen Huachen, has been established to advise the Independent Shareholders as to whether the terms of the Jiangsu Engineering Contracts and the Olivotto Supply Contracts are fair and reasonable so far as the Independent Shareholders are concerned, conducted on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and to give a recommendation to the Independent Shareholders in respect of the voting on the resolutions to be proposed at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, Octal Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Jiangsu Engineering Contracts and the Olivotto Supply Contracts in this regard. We are not connected with the directors, chief executive and substantial shareholders of the Group or CBMIE Group or Triumph Junheng or CNBM Bengbu Design. or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders. During the last two years, we have been engaged as an independent financial adviser to the Company in respect of the connected transactions in relation to (i) the engineering contracts entered into between the Group and CBMIE Group in relation to the cold-repair and modification of a float glass production line of the Group and the establishment of a new high-end automotive glass production line of the Group and (ii) the procurement framework agreement entered into between the Group and Huaguang Group in relation to the procurement of raw and fuel materials, details of which are set out in the circular of the Company dated 2 December 2019 (the “**Previous Engagement**”). Under the Previous Engagement, we were required to express our opinion on and give recommendation to the Independent Board Committee and/or the Independent Shareholders in respect of the relevant transactions. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the directors, chief executive and substantial shareholders of the Group or CBMIE Group or Triumph Junheng or CNBM Bengbu Design. or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the Company regarding the Jiangsu Engineering Contracts and the Olivotto Supply Contracts including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Company respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, CBMIE Group, Triumph Junheng, CNBM Bengbu Design and their respective associates, nor have we carried out any independent verification of the information supplied to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A. THE JIANGSU ENGINEERING CONTRACTS

Principal factors and reasons considered

In arriving at our opinion in respect of the Jiangsu Engineering Contracts, we have considered the following principal factors and reasons:

1. *Background of and reasons for entering into the Jiangsu engineering contracts*

Background of the Company, Jiangsu SHD and CBMIE 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.

Set out below is a summary of the consolidated financial information of the Company for the years ended 31 December 2018 and 2019 as extracted from the Company's annual report for the year ended 31 December 2019 (the "**2019 Annual Report**") and for the six months ended 30 June 2020 as extracted from the Company's interim report for the six months ended 30 June 2020 (the "**2020 Interim Report**"):

	For the year ended		For the six months ended	
	2019	2018	2020	2019
	Audited	Audited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,369,230	2,617,725	1,173,300	970,572
– Clear glass products	864,107	998,856	478,004	330,757
– Painted glass products	319,072	356,539	150,249	136,226
– Coated glass products	556,248	673,396	359,259	250,888
– Energy saving and new energy glass products	496,558	552,289	144,179	192,432
– Design and installation services	133,245	36,645	41,609	60,269
Gross profit	284,642	410,095	186,958	75,857
Profit/(Loss) for the year/period attributable to the owners of the Company	82,570	93,488	(247,518)	57,991
Net cash (used in)/generated from operating activities	158,110	340,072	N/A	N/A
Net increase in cash and cash equivalent	(7,990)	19,801	N/A	N/A
Cash on hand and in bank	565,188	570,832	814,463	584,039

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the 2019 Annual Report, the Group recorded revenue of approximately RMB2,369.2 million in 2019, representing a decrease of 9.5% as compared to the prior year. The decrease in revenue was mainly attributable to the decrease in average unit selling price and sales volume of glass products. In 2019, the Group recorded sales volume of approximately 29.66 million weight cases of glass products, representing a decrease of 11.8% as compared to 2018. The integrated average selling price of the Group's products decreased to RMB75 per weight case in 2019, representing a decrease of 3% as compared to RMB77 per weight case in 2018. The combination of the decrease in the market prices of glass products and the rise of the fuel prices during the year led to the decrease in gross profit margin from 16% in 2018 to 12% in 2019, thereby led to the decrease in net profit during the year.

With reference to the 2020 Interim Report, the Group recorded revenue of approximately RMB1,173.3 million for the first half of 2020, representing an increase of 20.9% as compared to the same period of last year. The increase in revenue was mainly attributable to the increase in the selling price and sales volume of glass products. In the first half of 2020, the Group sold 14.87 million weight cases of major float glass products, representing an increase of 21.9% as compared to the same period of last year. The integrated average selling price of the Group's products was approximately RMB76 per weight case, representing an increase of 1% as compared to the same period of last year. The combined effect of the increase in market prices of glass products and the decrease in unit cost of raw materials and fuels during the period led to an increase in gross profit from 7.8% for the first half of 2019 to 15.9% for the first half of 2020, the increase in gross profit was offset by the increase in impairment losses on trade receivables of the Group due to the worldwide Novel Coronavirus Pneumonia outbreak which affected the repayment abilities of the Group's debtors, thereby led to a net loss during the period.

Jiangsu SHD is an indirect wholly-owned subsidiary of the Company. Jiangsu SHD is a limited liability company incorporated in the PRC and is principally engaged in the business of the production, marketing and distribution of glass and glass products. As at the Latest Practicable Date, Jiangsu SHD owned and operated a float glass production lines and an automotive glass production line in the Group's production base located in Suqian, Jiangsu province which primarily produces clear glass, energy-saving coated glass products and automotive and functional float glass with various features, with total daily melting capacity of approximately 1000t/d.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CBMIE Group 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 41.55% of its equity interest. CBMIE Group is a national comprehensive Grade-A D & R unit, an international engineering group company, a key hi-tech enterprise of the PRC and an engineering technology platform of CNBM. CBMIE Group possesses foreign trade right and grade-A qualifications for design & general contracting, engineering consultation and engineering supervision in respect of the building material industry, light textile (domestic silicate), civil engineering, new energy engineering and special engineering projects of environment pollution treatment.

CNBM, a state-owned enterprise, is a joint stock company incorporated in the PRC with limited liability. CNBM Group is mainly engaged in the cement, lightweight building materials, glass fibre, composite materials and engineering services businesses.

Reasons for entering into the Jiangsu Engineering Contracts

According to the Letter from the Board, the Group has been committed to the development of high-end energy-saving products with the development and production of solar glass products. Driven by the expansion of domestic and overseas demands, and domestic policies, the solar glass industry has shown steady growth. The construction of a deep processing line for solar glass will further enhance the overall competitiveness of the Group.

Following the Company's production expansion in building production capacity for automotive glass products, it is one of the Group's on-going strategies to expand and adjust the product mix to strengthen the sales of other business segments such as energy saving and new energy glass products. As discussed with the Company, we understand that the solar glass deep processing line will primarily be producing and assembling photovoltaic packaging materials which include the frontplane and backplane solar glasses and encapsulation films for frameless bi-facial dual-glass solar modules ("**Bi-facial Modules**"), which are solar panels incorporated with solar glasses on both sides. When compared to traditional mono-facial solar panels which generate solar power from the frontplane glass, Bi-facial Modules can produce solar power from both sides of the solar panel, increasing total energy generation. Moreover, the Bi-facial Modules have a higher level of ultraviolet resistance with solar glass replacing opaque-backsheeted composite materials used in traditional solar panels, and potential-induced degradation (PID) concerns due to leakage currents are reduced for Bi-facial Modules due to its frameless design, thereby enhancing the power generation efficiency.

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According to the relevant statistics in the “China PV Industry Development Roadmap 2019” published by the China Photovoltaic Industry Association, the annual penetration rate of Bi-facial Modules is only 14% while the traditional mono-facial solar panels accounted for 86% in the photovoltaic glass industry in 2019. However, with the technical advantages of Bi-facial Modules such as higher power generation efficiency and stronger durability, it is gradually being accepted and applied in the market. Complemented by the gradual optimisation of various installation methods, the scale of application of Bi-facial Modules is expected to continuously expand. According to China Photovoltaic Industry Association, the annual penetration rate of Bi-facial Modules is expected to reach 60% in the photovoltaic glass industry by 2025. With the steady development of the China photovoltaic industry and the continuous increase in the penetration rate of the Bi-facial Modules in the future, the derived market demand for photovoltaic packaging materials and relevant processing for solar glass panels are expected to increase. Therefore, the Company plans to seize such market opportunity and establish an annual production capacity of 12 million square meters of photovoltaic packaging materials, so as to expand the Group’s footprint in the solar glass market and continuously enhance its product competitiveness in the glass industry in China.

Based on our further discussion with the Company, we understand that the Company plans to establish the solar glass deep processing line in its manufacturing base located in Suqian city in Jiangsu province, which is located in approximately 10 kilometers away from the Suqian Economic Development Zone, where the photovoltaic module manufacturing bases of two PRC listed companies (the “**Potential Customer(s)**”) are resided. In particular, based on our review on the latest financial reports of the aforesaid Potential Customers, we noted that the construction of 6 gigawatt (“**GW**”) photovoltaic module production facilities by one of the Potential Customers in the area has approached its final inspection and acceptance stage, and has entered into a new agreement with the government committee office in the area for constructing further 6 GW photovoltaic module production facilities in the development zone. Meanwhile, the other Potential Customer owns a 10GW photovoltaic module production facility and amongst which a 4 GW production line is expected to commence production by the end of 2020 and the remaining 6 GW production line is expected to commence production in 2021. As advised by the Company, currently 1 GW of photovoltaic module requires approximately 4.5 million square meters of photovoltaic packaging materials. Therefore, the upcoming annual demand from the Potential Customers which aggregate to be 26 GW shall completely consume the annual production capacity of the solar glass deep processing line of the Group proposed to be constructed under the Jiangsu Engineering Contracts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CBMIE Group is a world's leading player for the construction of glass production line, especially in the float glass fields of high-end automotive glass, solar glass and energy-saving glass. The Company has engaged the CBMIE Group in similar construction projects in the past and CBMIE Group has proven track records in completing similar construction projects under the required technical standards and project timelines. Moreover, CBMIE Group has previously participated in the construction and modification of production facilities in the Suqian manufacturing bases and is therefore familiar with the design and operation of its manufacturing system, infrastructure, facility distribution and labour allocation. Therefore, the Company considers that the experience and expertise of CBMIE Group will provide good project management and quality assurance on the construction of the solar glass deep processing line.

Based on the above, we are of the view that it is reasonable and commercially justified to build a new solar glass deep processing line of the Company by engaging CBMIE Group to supply and install machineries and equipment for the new solar glass deep processing line of Jiangsu SHD. We concur with the view of the management of the Company that such processing line will further enhance the overall competitiveness of the Group, at the same time broaden the Group's revenue stream and enrich its product portfolio and promote the Group's long-term sustainable development.

2. *Principal terms of the Jiangsu engineering contracts*

Scope of services and period until completion

Pursuant to the Jiangsu Engineering Contracts, CBMIE Group will act as the principal contractor to supply and install machineries and equipment for the new solar glass deep processing line of Jiangsu SHD. Under the Jiangsu Engineering Contracts, the works engaged by CBMIE Group includes (i) sourcing and supply of machineries and equipment for the new solar glass deep processing line, and (ii) the relevant installation, testing and quality checking of the new solar glass deep processing line. The installation work is expected to commence upon the Jiangsu Engineering Contracts becoming unconditional after the Group obtains the approval of the Independent Shareholders at the SGM and complete in approximately three months period.

Consideration and payment term

The aggregate contract prices under the Jiangsu Engineering Contracts for the supply and installation of machineries and equipment for the new solar glass deep processing line is approximately RMB50 million.

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The contract prices were arrived at after arm's length negotiation between Jiangsu SHD and CBMIE Group, having considered the expected cost for other independent contractors providing such services including, among other things, the cost of sourcing and supplying of machineries and equipment, and installation, testing and quality checking, on similar establishment of the solar glass production line. Having compared with quotations obtained by Jiangsu SHD from other independent contractors for works of similar nature, the contract prices should be no less favourable than the market prices for works of similar nature from other independent contractors.

Jiangsu SHD will make instalment payments to CBMIE Group based on the progress of the works completed by the relevant contracting parties in accordance with the terms of the Jiangsu Engineering Contracts at the following portions and stages: (i) 30% of the aggregated contract prices (approximately RMB15 million) as prepayment within seven working days after signing of the Jiangsu Engineering Contracts, (ii) 30% (approximately RMB15 million) of the aggregated contract prices after the delivery of the main equipment and the commencement of installation, (iii) 20% of the aggregated contract prices (approximately RMB10 million) within seven working days after the equipment testing and acceptance of the project, (iv) 15% of the aggregated contract prices (approximately RMB7.5 million) to be settled at three months after the inspection and acceptance of the project, and (v) the remaining 5% of the aggregated contract prices (approximately RMB2.5 million) to be settled within one year after the inspection of the project. As at the Latest Practicable Date, the first instalment payment under the Jiangsu Engineering Contracts was not paid by the Company which will be settled upon the Jiangsu Engineering Contracts become unconditional. The Jiangsu Engineering Contracts do not contain any predetermined adjustment terms to the payments or penalties if CBMIE Group fails to supply or provide the machineries or services, other than clauses for a party to bring a claim for loss compensation against the defaulting party.

The final total amount payable to CBMIE Group by Jiangsu SHD under the Jiangsu Engineering Contracts depends on the actual procurement and engineering costs to be incurred by CBMIE Group, which employs a cost plus model that is calculated based on the actual procurement and engineering cost plus 15% of the actual procurement and engineering cost. If the final total amount payable based on the cost plus model exceeds RMB50 million, Jiangsu SHD shall pay to CBMIE Group RMB50 million as stated under the Jiangsu Engineering Contracts. We have discussed with the Company and we understand that such cost plus pricing basis is commonly used by contractors in the equipment manufacturing and trading industry whereby the final consideration is determined on a transaction by transaction basis based on arm's length negotiation between the contractor and the customer as well as the production budget of each transaction.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed with the Company, we understand that all types of connected transactions including the selection process of contractor are usually governed by the internal control policies of the Group. Under such context, we have (1) obtained and reviewed the relevant internal control policies and the relevant assessment conducted by the Group; and (2) discussed with the Company regarding the tender procedures employed by the Group for the transaction under the Jiangsu Engineering Contracts. We understand from the Company that Jiangsu SHD did not select the contractor for the construction of the new solar glass deep processing line by way of an open tender but was conducted through negotiated tender in accordance with existing guidance of the internal control policy of the Group, as suggested by the tender committee team comprising the general manager, chief financial officer and other senior management in production, operation, legal and technical department. Such approach was determined after considering: (i) the construction project can only be entrusted to specific contractors due to technical needs; (ii) the Company is unable to determine the technical details and quantity of work required due to the complexity of the project in terms of the sourcing and assembling of the new solar glass deep processing line; (iii) the project requires contractors with specialized experience, equipment and technology; and (iv) the Company prefers to engage contractors and/or manufacturers of sufficient technical experience with satisfactory track records in conducting projects in similar nature with the Group. Based on the above criteria, CBMIE Group and two independent contractors were chosen by Jiangsu SHD and their respective price quotations in relation to the transaction were received.

Besides, we have also compared the quotation from CBMIE Group and the quotations from the two identified independent contractors obtained by Jiangsu SHD and also reviewed the evaluation results conducted by Jiangsu SHD on the negotiated tender. We noted that under the scheduled timeline requested by Jiangsu SHD in the tender, the aggregated price quotation provided by CBMIE Group was lower than the two identified independent contractors by approximately 5% and 16%. In addition, the payment schedule provided by CBMIE Group and one of the identified independent contractors involved 60% of the aggregated contract prices to be settled upon completion of installation which included 30% prepayment, while the remaining one identified independent contractor involved 97% of the aggregated contract prices to be settled under the same context. Based on the above, we concur with the Company that terms offered by CBMIE Group is more favourable than that offered by the independent contractors. Furthermore, we noted that the track record experiences provided by CBMIE Group involved the construction and assembly of solar glass processing lines and Bi-facial module processing lines within the past three years. Meanwhile, the track record experiences provided by the two identified independent contractors mainly involved the construction projects and engineering projects of photoelectric equipment production facilities. Accordingly, we consider CBMIE Group, as compared to the two identified independent contractors, has more recent and direct experiences in undertaking construction projects similar to that under the Jiangsu Engineering Contracts, and can therefore replicate its previous successful experiences and provide higher quality assurance to the construction of the new solar glass deep processing line of Jiangsu SHD.

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Taking into account: (i) the contractor selection process was governed by the Group's internal control policy and the tender committee team; (ii) the quotation and the payment schedule of CBMIE Group is not less favourable as compared to the other independent contractors; and (iii) the solid experience and expertise and the historical transactions with CBMIE Group in similar construction projects, we consider that the contracting proposal provided by CBMIE Group is, as a whole, not less favourable than the other proposal provided by the independent contractors, we consider that the terms and conditions of the Jiangsu Engineering Contracts are fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that the entering into of the Jiangsu Engineering Contracts is conducted in the ordinary and usual course of business of the Group, and in the interests of the Company and the Independent Shareholders as a whole; and the terms and conditions of the Jiangsu Engineering Contracts are on normal commercial terms, fair and reasonable. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to approve the Jiangsu Engineering Contracts and the transactions contemplated thereunder at the upcoming SGM.

B. THE OLIVOTTO SUPPLY CONTRACTS

1. Background of and reasons for entering into the Olivotto supply contracts

Background of Olivotto, Triumph Junheng and CNBM Bengbu Design

Olivotto is a direct wholly-owned subsidiary of the Company based in Italy, and is principally engaged in the design, equipment supply, installation and commissioning services of production lines of pharmaceutical glass, which are mainly used in the production of neutral medicinal glass, daily-use glass and mineral wool. Olivotto is one of the world leaders in glass tubing technology, and a global core supplier of the equipment for manufacturing neutral medicinal glass products.

Triumph Junheng is owned by Triumph Group Company (a substantial Shareholder holding 23.01% of the Company's total issued Shares) as to 40% equity interest. Triumph Junheng is engaged in the business of producing pharmaceutical glass products.

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CNBM Bengbu Design is an indirect wholly-owned subsidiary of CNBM Group Corporation. CNBM Group Corporation wholly owns Triumph Group Company. CNBM Bengbu Design is principally engaged in the provision of engineering services, including survey, consulting, designing, supervision, and other services, and also produces building materials.

Reasons for entering into the Olivotto Supply Contracts

As stated in the Letter from the Board, Olivotto is specialized in the design and construction of production lines of pharmaceutical glass. The supply of machineries for the construction of a total of four danner tubing production lines to Triumph Junheng; and for the modification and improvement of two existing danner tubing production lines of Triumph Junheng, will enhance the achievement of upstream and downstream synergies, and develop a synergistic industry chain from front-end manufacturing equipment to end-user pharmaceutical neutral glass tube products.

As advised by the Company, we understand that since the acquisition of Olivotto by the Company in 2018, it has been one of the Group's business strategies to ride on the rapid development of the pharmaceutical industry in the PRC in recent years and gradually build up industry reputation of Olivotto in the China pharmaceutical glass market as an upstream supplier capable of providing full range of equipment in relation to pharmaceutical glass production. As further set out in the 2020 Interim Report, driven by the increasing rapid process of development and production of Novel Coronavirus vaccines, the progress of substituting of neutral borosilicate glass as required by the vaccine vials has been accelerated, neutral borosilicate glass is a type of pharmaceutical glass which is widely considered suitable for holding potential Novel Coronavirus vaccines as it avoids interactions between containers and vaccines that can affect the shot's potency. Therefore, the market demand for pharmaceutical glass products is also growing. Taking into account the principal activities of Olivotto as mentioned above, Olivotto possesses the adequate professional qualification and experience in the production of pharmaceutical glass manufacturing equipment and is able to provide the necessary equipment contemplated under the Olivotto Supply Contracts for the construction and modification of the danner tubing production lines.

In view of the expertise of Olivotto in the provision of pharmaceutical glass manufacturing equipment contemplated under the Olivotto Supply Contracts, and the contract prices under the contracts are negotiated after arm's length discussions and reflect normal commercial terms, the Company considers it desirable to enter into the Olivotto Supply Contracts in its ordinary course of business and continue to develop its market presences and reputation in the China pharmaceutical glass market.

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Having considered that the supply of manufacturing equipment for pharmaceutical glass production line is the principal business activity of Olivotto contributing majority of its revenue in the past, and the provision of the pharmaceutical glass manufacturing equipment contemplated under the Olivotto Supply Contracts are furtherance and continuance of its principal business, we concur with the Company that the entering into of the Olivotto Supply Contracts and the transactions contemplated thereunder adhere to the business strategy of the Company and would further enhance the Group's revenue, thereby generating additional revenue and profits to the benefits of the Group and its Shareholders as a whole.

2. Principal terms of the Olivotto supply contracts

Scope of services and period until completion

Pursuant to the Olivotto Supply Contracts, Olivotto agreed to (i) supply machineries for the construction of two danner tubing production lines to Triumph Junheng; (ii) supply machineries for the construction of two danner tubing production to Triumph Junheng, with its associate Triumph Ancai Junheng Pharmaceutical Glass (AnYang) Co., Ltd.* (凱盛安彩君恒藥玻(安陽)有限公司) (“**Triumph Ancai**”) as end user; and (iii) supply machineries to CNBM Bengbu Design for the modification and improvement of two existing danner tubing production lines of Triumph Junheng. Details of the Olivotto Supply Contract are set out below:

	Date of the contract	Supplier (member of the Group)	Customer	Contract object	Consideration (Euros)	Payment terms
1.	5 October 2020	Olivotto	Triumph Junheng	machineries for two danner tubing production lines	2,080,000	(i) 30% as prepayment within 30 days after the date of the contract becoming unconditional; (ii) 65% upon presentation of the relevant shipment documents; and (iii) 5% upon presentation of the relevant acceptance and invoicing documentation.
2.	5 October 2020	Olivotto	Triumph Junheng (Triumph Ancai as end user)	machineries for two danner tubing production lines	2,080,000	(i) 30% as prepayment within 30 days after the date of the contract becoming unconditional; (ii) 65% upon presentation of the relevant shipment documents; and (iii) 5% upon presentation of the relevant acceptance and invoicing documentation.
3.	5 October 2020	Olivotto	CNBM Bengbu Design	machineries for modification and improvement of two existing danner tubing production lines of Triumph Junheng	490,000	(i) 30% as prepayment within 30 days after the date of the contract becoming unconditional; (ii) 65% upon presentation of the relevant shipment documents; and (iii) 5% upon presentation of the relevant acceptance and invoicing documentation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consideration and payment term

The consideration of each of the above supply contracts were arrived at after arm's length negotiation between the parties to the respective Olivotto Supply Contracts, with reference to (i) the range of prevailing market prices of similar machineries (in terms of performance, specification and manufacture standard) for production of pharmaceutical glass products provided by other suppliers (who are independent third parties) in the market based on recent project tenders participated by Olivotto; (ii) recent transaction prices of similar machineries supplied by Olivotto to independent third parties in the current financial year; (iii) the allocation of cost, insurance and freight ("CIF") at the relevant port at Tianjin (as designated by Triumph Junheng and CNBM Bengbu Design for the arrival shipment) in accordance with Incoterms 2010; and (iv) the cost of technical personnel and corresponding time required in relation to the supervision of installation and start-up of the completed production lines. Based on the payment terms set out above, Triumph Junheng and CNBM Bengbu Design will pay 30% of the contract prices to Olivotto as prepayment within 30 days after the date of the contracts becoming unconditional, the remaining 70% of the contract prices will be paid through irrevocable letters of credit opened in favour of Olivotto available with the principal bank of Olivotto within 90 days after the prepayments are realised. Any delay in the opening of each letter of credit shall lead to corresponding delay in the delivery date of the goods under the Olivotto Supply Contracts. Such letters of credit shall cover the payments for (i) 65% of the contract prices upon presentation of the relevant shipment documents and (ii) 5% of the contract prices upon presentation of the relevant acceptance and invoicing documentation. In view of the presence of letters of credit for the payment of consideration under the Olivotto Supply Contracts, we considered that the payment obligations of Triumph Junheng and CNBM Bengbu Design under the Olivotto Supply Contracts are secured.

The Olivotto Supply Contracts do not contain any predetermined adjustment terms to the payments or penalties if Olivotto fails to supply or provide the machineries or services, other than clauses for a party to bring a claim for loss compensation against the defaulting party.

Under the CIF basis, Olivotto shall be responsible for the costs and freight to deliver, or to arrange for delivery of, the manufacturing equipment to the relevant port of destination at Tianjin. Olivotto shall also make arrangements for export clearance and all export formalities and shall procure and pay for the relevant insurance for the transit of the manufacturing equipment to the relevant port in Tianjin.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The contract price is fixed and is inclusive of, among other things, any taxes, duties and charges levied in Italy in connection with the exportation of the manufacturing equipment and the cost of technical personnel in relation to the installation and start-up of the completed production lines. Meanwhile, all taxes, duties and charges which may be incurred in the PRC in connection with the importation of the manufacturing equipment shall be borne by Triumph Junheng/CNBM Bengbu Design. We have discussed with the Company regarding the aforementioned terms of payment and we understand that such payment terms are in line with the usual business practice of Olivotto conducted with independent third parties which also coincide with the general market practice of the equipment manufacturing and trading industry.

In assessing the fairness and reasonableness of the considerations of the Olivotto Supply Contracts, we have also requested for copies of the sale and purchase contracts of similar machineries which Olivotto entered into with independent third parties (the “**Comparable Contracts**”). Based on our review on two Comparable Contracts and discussions with the Company, we noted that the prepayment amount requested by Olivotto to Triumph Junheng/CNBM Bengbu Design under the Olivotto Supply Contracts (which amounted to 30% of the contract prices) were higher than that offered to the two independent third parties under the Comparable Contracts (which amounted to 15% and 20% of the contract prices respectively). As advised by the Company, such difference was due to the larger contract values of the Olivotto Supply Contracts as compared to the Comparable Contracts. Apart from the above, other terms such as the use of letters of credit for the payment of consideration (excluding the prepayment), terms of shipment, insurance, periods of guarantee, etc, are largely similar between the Olivotto Supply Contracts and the Comparable Contracts.

Furthermore, as mentioned above, when evaluating the consideration of the Olivotto Supply Contracts, Olivotto has taken into account the specification of the manufacturing equipment, the complexity of the design, the freight costs, the recent market rates for similar equipment with reference to the internal assessment of Olivotto based on its previous tender experiences in supply similar equipment and its historical direct sales of similar equipment and the cost of technical personnel required for the installation and start-up of the completed production line. Based on our review on the time schedules and price breakdowns of the Comparable Contracts and the Olivotto Supply Contracts, we noted that the evaluations of the contract prices under the Olivotto Supply Contracts are no different than the assessments with independent third parties. In view of the above, we consider that terms and conditions of the Olivotto Supply Contracts are, as a whole, no more favourable than those provided to Independent Third Parties under the Comparable Contracts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account (i) the supply of the manufacturing equipment contemplated under the Olivotto Supply Contracts are furtherance and continuance of the principal business of Olivotto; (ii) the entering into of the Olivotto Supply Contracts will enable the Group to build up industry reputation of Olivotto in the China pharmaceutical glass market as a supplier capable of providing full range of equipment for the production of pharmaceutical glass; and (iii) terms under the Olivotto Supply Contracts are in line with the usual business practices of Olivotto and the general market practice of the equipment manufacturing and trading industry and are no more favourable than those provided to independent third parties under the Comparable Contracts, we consider that the terms and conditions of the Olivotto Supply Contracts are fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that the entering into of the Olivotto Supply Contracts is conducted in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and the terms and conditions of the Olivotto Supply Contracts are on normal commercial terms, fair and reasonable. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to approve the Olivotto Supply Contracts and the transactions contemplated thereunder at the upcoming SGM.

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung

Louis Chan

Managing Director

Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 18 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and/or short positions of Directors and chief executive in the Shares, underlying Shares or debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors and chief executive	Company/Name of Associated Corporation	Capacity	Total Number of Ordinary Shares ⁽¹⁾	Approximate Percentage of Shareholding ⁽⁴⁾
Mr. Cui Xiangdong	the Company	Beneficial owner/Interest of a controlled corporation	19,532,000(L) ⁽²⁾	1.08%
Mr. Zhou Cheng	the Company	Beneficial owner	22,672,633(L)	1.25%
Mr. Lyu Guo	the Company	Beneficial owner	8,412,096(L) ⁽³⁾	0.46%

Notes:

- (1) The letter “L” denotes the Director and chief executive’s long position in such securities.
- (2) It included Mr. Cui Xiangdong’s interests in 12,000,000 Shares, share options to subscribe for 4,800,000 Shares under the share option scheme of the Company, and 2,732,000 Shares acquired by Twinkle Fame Limited, which Mr. Cui has 100% direct interest, under the share award scheme of the Company.
- (3) It included Mr. Lyu Guo’s interests in 7,012,096 Shares and share options to subscribe for 1,400,000 Shares under the share option scheme of the Company.
- (4) As at the Latest Practicable Date, the total number of issued Shares is 1,810,147,058.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (ii) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors' position in substantial shareholder

As at the Latest Practicable Date, as disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, (1) Legend Holdings Corporation was interested in 412,676,740 Shares, representing approximately 22.80% of the total number of Shares in issue; (2) each of Hony International Limited and First Fortune Enterprises Limited was interested in 272,926,000 Shares, representing approximately 15.08% of the total number of Shares in issue; and (3) Triumph Group Company was interested in 416,424,621 Shares, representing approximately 23.01% of the total number of Shares in issue.

As at the Latest Practicable Date, (1) Mr. Zhao John Huan was a non-executive director of Legend Holdings Corporation; (2) Mr. Zhao John Huan was a director of Hony International Limited and First Fortune Enterprises Limited; (3) Mr. Peng Shou was the legal representative, secretary of the party committee, chairman of the board and general manager of Triumph Group Company; and (4) Mr. Zhang Jinshu was the vice director of the development and investment department of Triumph Group Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any proposed director of the Company was a director or employee of a company which had an interest and/or short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Competing interests

As at the Latest Practicable Date, none of the Directors and their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

(d) Directors' interests in assets of the Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(e) Directors' interests in contracts or arrangements of the Group

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was significant in relation to the business of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

References are made to the profit warning announcement of the Company dated 13 August 2020 (the “**Profit Warning Announcement**”), the interim results announcement and the interim report (the “**2020 Interim Report**”) of the Company for the six months ended 30 June 2020 published by the Company on 27 August 2020 and 28 September 2020, respectively, which disclosed that the Company recorded a loss attributable to equitable shareholders of the Company of approximately RMB248 million for the first six months ended 30 June 2020 as compared to a profit of approximately RMB58 million during the corresponding period in 2019, mainly attributable to the combined effects of, among others, (i) a net gain amounting to approximately RMB194 million during the corresponding period in 2019 from the government compensation for relocation of production plants but no such event happened during the six months ended 30 June 2020; and (ii) the amount of impairment losses recognised on the Group's trade and other receivables increased to approximately RMB118 million as compared to approximately RMB4 million for the corresponding period in 2019, which was mainly due to the outbreak of the novel coronavirus (“**COVID-19**”) which affected the repayment abilities of the Group's debtors.

As disclosed in the Profit Warning Announcement, except for the above-mentioned impacts, the Group's business operations continued to run steadily and the Group recorded an increase in both sales volume and gross profit for the six months ended 30 June 2020 as compared to the corresponding period in 2019. The Company considers that the impact caused by the outbreak of the COVID-19 on the Group could be temporarily.

Save as disclosed in the 2020 Interim Report, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. EXPERT AND CONSENT

The following is the qualification of the professional adviser who has given its opinion or recommendation which is contained in this circular.

Name	Qualification
Octal Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Octal Capital Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Octal Capital Limited did not have any direct or indirect interest in any assets which have been acquired, disposed of or leased to any member of the Group, or was proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Octal Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report and reference to its name in the form and context in which they appear.

6. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company at Unit 2608, 26/F., West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong from the date of this circular up to and including the date of SGM (excluding Saturdays and public holidays):

- (a) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 14 and 15 of this circular;
- (b) the letter issued by Octal Capital Limited, the text of which is set out on pages 16 to 31 of this circular;
- (c) the Jiangsu Engineering Contracts;
- (d) the Olivotto Supply Contracts;
- (e) the Existing Triumph Group Contracts;
- (f) the written consent referred to in paragraph headed “Expert and Consent” in this Appendix; and
- (g) this circular.

NOTICE OF SPECIAL GENERAL MEETING



CHINA GLASS HOLDINGS LIMITED

中國玻璃控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3300)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Special General Meeting of China Glass Holdings Limited (the “**Company**”) will be held at Admiralty & The Peak, Level 3, JW Marriott Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 24 November 2020 at 9:30 a.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions as **ordinary resolutions** of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the engineering contracts dated 5 October 2020 entered into between Jiangsu SHD New Materials Company Limited* (江蘇蘇華達新材料有限公司) and China Building Materials International Engineering Group Co., Ltd.* (中國建材國際工程集團有限公司) and the transactions contemplated thereunder (collectively, the “**Jiangsu Engineering Contracts**”) and any other arrangements or documents in connection therewith be and are hereby approved, confirmed and/or ratified; and
- (b) any one of the directors of the Company (the “**Directors**” and each, a “**Director**”) or the company secretary of the Company (the “**Company Secretary**”) be and is hereby authorised to do all such acts and things, make all necessary filings and negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company any other letters, notices, acknowledgements, consents, waivers, agreements or other documents in which the Company is a party or is otherwise interested as such Director or the Company Secretary may consider necessary or desirable in connection with the Jiangsu Engineering Contracts. To the extent that any such other document requires execution as a deed, the seal of the Company be affixed to any such document and such document be signed by a Director and the Company Secretary or any two Directors.”

NOTICE OF SPECIAL GENERAL MEETING

2. **“THAT:**

- (a) the supply contract dated 5 October 2020 entered into between Olivotto Glass Technologies S.p.A. (**“Olivotto”**) and Triumph Junheng Co., Ltd.* (凱盛君恒有限公司) (**“Triumph Junheng”**) and the transactions contemplated thereunder (the **“First Olivotto Supply Contract”**) and any other arrangements or documents in connection therewith be and are hereby approved, confirmed and/or ratified; and
- (b) any one of the Directors or the Company Secretary be and is hereby authorised to do all such acts and things, make all necessary filings and negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company any other letters, notices, acknowledgements, consents, waivers, agreements or other documents in which the Company is a party or is otherwise interested as such Director or the Company Secretary may consider necessary or desirable in connection with the First Olivotto Supply Contract. To the extent that any such other document requires execution as a deed, the seal of the Company be affixed to any such document and such document be signed by a Director and the Company Secretary or any two Directors.”

3. **“THAT:**

- (a) the supply contract dated 5 October 2020 entered into between Olivotto and Triumph Junheng (with Triumph Ancai Junheng Pharmaceutical Glass (AnYang) Co., Ltd.* (凱盛安彩君恒藥玻(安陽)有限公司) as the end user) and the transactions contemplated thereunder (the **“Second Olivotto Supply Contract”**) and any other arrangements or documents in connection therewith be and are hereby approved, confirmed and/or ratified; and
- (b) any one of the Directors or the Company Secretary be and is hereby authorised to do all such acts and things, make all necessary filings and negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company any other letters, notices, acknowledgements, consents, waivers, agreements or other documents in which the Company is a party or is otherwise interested as such Director or the Company Secretary may consider necessary or desirable in connection with the Second Olivotto Supply Contract. To the extent that any such other document requires execution as a deed, the seal of the Company be affixed to any such document and such document be signed by a Director and the Company Secretary or any two Directors.”

NOTICE OF SPECIAL GENERAL MEETING

4. “**THAT:**

- (a) the supply contract dated 5 October 2020 entered into between Olivotto and (CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司) and the transactions contemplated thereunder (the “**Third Olivotto Supply Contract**”) and any other arrangements or documents in connection therewith be and are hereby approved, confirmed and/or ratified; and

- (b) any one of the Directors or the Company Secretary be and is hereby authorised to do all such acts and things, make all necessary filings and negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company any other letters, notices, acknowledgements, consents, waivers, agreements or other documents in which the Company is a party or is otherwise interested as such Director or the Company Secretary may consider necessary or desirable in connection with the Third Olivotto Supply Contract. To the extent that any such other document requires execution as a deed, the seal of the Company be affixed to any such document and such document be signed by a Director and the Company Secretary or any two Directors.”

By Order of the Board
China Glass Holdings Limited
Cui Xiangdong
Executive Director

Hong Kong, 4 November 2020

* *For identification purpose only*

Notes:

- (1) All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

- (2) Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy or, if he holds two or more shares, may appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

- (3) The form of proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same.

NOTICE OF SPECIAL GENERAL MEETING

- (4) The form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for the meeting (i.e. not later than 9:30 a.m. on Sunday, 22 November 2020) or at any adjournment thereof.
- (5) Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.
- (6) In the case of joint registered holders of any share, any one of such joint holders may vote at the above meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the Register of Members of the Company in respect of the relevant joint holding.
- (7) Shareholders whose names appear on the Register of Members of the Company on Tuesday, 24 November 2020 are entitled to attend and vote at the above meeting. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Thursday, 19 November 2020 to Tuesday, 24 November 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company shall ensure that all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 November 2020.
- (8) Considering the outbreak of the coronavirus ("COVID-19"), certain measures will be implemented at the above meeting with a view to addressing the risk to attendees of infection, including, without limitation:
- (i) all attendees being required to (a) undergo compulsory body temperature check; (b) complete a health declaration (a copy of the form is enclosed with the circular of the Company dated 4 November 2020), which may be used for contact tracing, if required; and (c) wear face masks, prior to admission to the above meeting venue and throughout the above meeting;
 - (ii) attendees who are subject to health quarantine prescribed by the Hong Kong Government not being admitted to the above meeting venue;
 - (iii) each attendee being assigned a designated seat at the time of registration to ensure social distancing; and
 - (iv) no provision of refreshments, refreshment packs, drinks and corporate gifts. Instead, the Company will make a donation to a non-profit making organisation.

Please note that no face masks will be provided at the above meeting venue and attendees should wear their own face masks.

NOTICE OF SPECIAL GENERAL MEETING

- (9) The Company reminds attendees that they should carefully consider the risks of attending the above meeting, taking into account their own personal circumstances. Furthermore, the Company would like to remind shareholders that physical attendance in person at the above meeting is not necessary for the purpose of exercising their voting rights and strongly recommends that shareholders appoint the Chairman of the above meeting as their proxy and submit their form of proxy by the time specified above. The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the above meeting (if any).
- (10) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- (11) As at the date of this notice, the board of Directors comprises Mr. Cui Xiangdong as executive Director; Mr. Peng Shou, Mr. Zhao John Huan, Mr. Zhou Cheng and Mr. Zhang Jinshu as non-executive Directors; and Mr. Zhang Baiheng, Mr. Zhao Lihua and Mr. Chen Huachen as independent non-executive Directors.



CHINA GLASS HOLDINGS LIMITED (the "Company")
中國玻璃控股有限公司*(「本公司」)

2020年股東特別大會(「大會」)2020 SPECIAL GENERAL MEETING ("SGM")
健康申報表 HEALTH DECLARATION FORM

經考慮近期新型冠狀病毒(2019冠狀病毒病)的疫情,本公司將於大會實施防疫措施及特別安排旨在針對出席人士受感染的風險。敬請閣下如實填寫以下表格,並交回於大會會場股東登記櫃檯的工作人員。

Considering the recent outbreak of the coronavirus (COVID-19), the Company will implement precautionary measures and special arrangements at the SGM with a view to addressing the risk to attendees of infection. **Please complete this form to the best of your knowledge and return it to the staff at the registration counter at the SGM venue.**

如閣下(i)出現甲部所列出的任何一項症狀,或(ii)於乙部的任何問題的回答為「是」,閣下可能不會獲准進入大會會場。
If (i) you have any of the symptoms as set out in Part A, or (ii) your answer to any of the questions under Part B is "YES", **you may not be admitted to the SGM venue.**

甲部 Part A (請圈選適用的症狀 Please circle the symptom(s) as appropriate)

閣下是否有以下任何症狀? Do you have any of the following symptoms?		
發燒 Fever	咽喉痛 Sore Throat	氣促 Shortness of Breath
咳嗽 Cough	呼吸困難 Breathing Difficulty	

乙部 Part B (請圈選適用的答案 Please circle the answers as appropriate)

在過去14日內: In the past 14 days,			
(i)	閣下曾否到訪香港以外地方? Did you travel outside Hong Kong ?	是 Yes	否 No
(ii)	閣下是否曾經接受香港衛生署的強制檢疫或醫學監察安排? Have you ever been under compulsory quarantine or medical surveillance arrangement ordered by the Department of Health of Hong Kong?	是 Yes	否 No
(iii)	閣下是否與2019冠狀病毒病的確診者及/或疑似確診者曾有密切接觸的人士#? Have you ever been in close contact# with confirmed case(s) and/or probable case(s) of COVID-19 patient(s)?	是 Yes	否 No
(iv)	閣下是否曾經與正在接受家居檢疫的人士同住? Have you ever lived with any person under home quarantine ?	是 Yes	否 No

指未採取有效防護及與2019冠狀病毒病的確診者及/或疑似確診者曾有近距離接觸的任何人士。
Refers to any person who has not taken effective protection and has been in close contact with confirmed case(s) and/or probable case(s) of COVID-19 patients(s).

本人聲明以上申報內容全部屬實。I declare that all the above information is true.

全名 Full Name: _____

聯繫電話 Contact Number: _____

簽名 Signature: _____

日期 Date: _____

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