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福萊特玻璃集團股份有限公司

Flat Glass Group Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(stock code: 6865)

**CONTINUING CONNECTED TRANSACTION
TENANCY AGREEMENT**

The Board wishes to announce that: on 11 December 2019, the Company, as tenant, entered into the Tenancy Agreement with Jiaxing Yihe, as landlord, pursuant to which Jiaxing Yihe agreed to lease Premises to the Company for a term of one year commencing from 1 January 2020 to 31 December 2020 at the rent of RMB685,199.76 per month.

LISTING RULES IMPLICATIONS

Ms. Ruan Zeyun is one of the parties to a concert party agreement dated 19 September 2016 entered into between Mr. Ruan Hongliang (an executive Director, chairman of the Board and father of Ms. Ruan Zeyun), Ms. Jiang Jinhua (an executive Director and mother of Ms. Ruan Zeyun), Ms. Ruan Zeyun and Mr. Zhao Xiaofei (the spouse of Ms. Ruan Zeyun and the son-in-law of Mr. Ruan Hongliang) pursuant to which they have acted and continue to act in concert in relation to the exercise of voting rights attached to the Shares held by each of them, being an aggregate of 1,119,191,000 Shares, representing approximately 57.39% of the total issued share capital of the Company, at the general meetings of the Company. As such, Ms. Ruan Zeyun is considered a controlling shareholder of the Company and thus a connected person of the Company under Chapter 14A of the Listing Rules. Jiaxing Yihe is directly and wholly-owned by Ms. Ruan Zeyun, and thus an associate of Ms. Ruan Zeyun and a connected person of the Company under Rule 14A.07 of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the total rent payable under Tenancy Agreement exceed 0.1% but all of the applicable percentage ratios do not exceed 5%, the Tenancy Agreement are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) considers that the terms of the Tenancy Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and its shareholders as a whole.

INTRODUCTION

The Board wishes to announce that: on 11 December 2019, the Company, as tenant, entered into the Tenancy Agreement with Jiaxing Yihe, as landlord, pursuant to which Jiaxing Yihe agreed to lease Premises to the Company for a term of one year commencing from 1 January 2020 and ending on 31 December 2020 at the rent of 685,199.76 per month.

Details of the Tenancy Agreements are set out below:

Tenancy Agreement

Date

11 December 2019

Parties

- (1) the Company (as tenant)
- (2) Jiaxing Yihe (as landlord)

Subject Matter

Pursuant to Tenancy Agreement, Jiaxing Yihe agreed to lease to the Company the Premises, which has a total gross floor area of 32,628.56 square metres and comprises three connected 6-storey M-shaped buildings with a total gross floor area of 10,006.04 square meters and two 5-storey factories with a total gross floor area of 22,622.52 square meters situated at 959 Yunhe Road, Xiuzhou District, Jiaxing City, Zhejiang Province, People's Republic of China.

Use

The three connected 6-storey M-shaped buildings will be used as dormitories for the Group's employees, and two 5-storey factories will be used as the Group's temporary maintenance, assembling and storage of equipment.

Term

One year, commencing from 1 January 2020 and ending on 31 December 2020.

Rent

RMB685,199.76 per month (RMB8,222,397.12 per year)

The rent payable under Tenancy Agreement was determined by the parties after arm's length negotiations with reference to, among other things, the prevailing market rental price of comparable properties in close proximity to Premises for similar use in Jiaxing City, in particular those in the same industrial park.

Historical Transaction Amounts and Proposed Annual Cap

The historical transaction amount for the lease of Premises for each of the years ended December 31, 2017 and 2018 and the year ending December 31, 2019 and proposed annual cap for the year ending 31 December 2020 are set out below:

	For the year ended December 31		For the year ending December 31	Proposed annual cap for the year ending 31 December 2020
	2017	2018	2019	
Historical transaction amount and proposed annual cap	<u>RMB2,591,576.88⁽¹⁾</u>	<u>RMB4,194,078.24⁽²⁾</u>	<u>RMB4,520,010.72⁽³⁾</u>	<u>RMB8,222,397.12⁽⁴⁾</u>

- Notes:* (1) The historical transaction amount for the year ended 31 December 2017 included the full year rent for the three connected 6-storey M-shaped buildings at an aggregate rent of RMB2,401,449.60, and six month rent for one 5-storey factory at an aggregate rent of RMB190,127.28 calculated based on the actual commencement date of usage of the factory.
- (2) The historical transaction amount for the year ended 31 December 2018 included the full year rent for the three connected 6-storey M-shaped buildings at an aggregate rent of RMB2,401,449.60 and one 5-storey factory at an aggregate rent of RMB 1,792,628.64.
- (3) The historical transaction amount for the year ending 31 December 2019 included the full year rent for the three connected 6-storey M-shaped buildings at an aggregate rent of RMB2,401,449.60 and one 5-storey factory at an aggregate rent of RMB 2,118,561.12. The rental payments for the month of December 2019 has been pre-paid, and thus, this is expected to be actual transaction amount for the year ending 31 December 2019.
- (4) The proposed annual cap is equivalent to the actual aggregate rent payable under the tenancy agreement with an additional one 5-storey factory of 9,042.00 square meters.

The historical transaction amounts for the periods indicated were the same as the proposed transaction amount for the same periods as disclosed in the announcements of the Company dated 2 January 2018 and 12 December 2018.

Payment method

The rent is payable once every six months.

The utility bills will be settled on a monthly basis according to the actual settlement. Jiaxing Yihe will send such utility bills to the Company prior to the 10th day of the following month. The Company shall pay such utility bills to Jiaxing Yihe on time prior to the 20th day of the following month.

Source of Funding

The rent payable under the Tenancy Agreement will be paid by internal resources of the Group.

REASONS OF AND BENEFITS FOR ENTERING INTO THE TENANCY AGREEMENTS

The Company has entered into the Tenancy Agreement to facilitate the business operations of the Group. Premises is used as dormitories for the Group's employees and Group's temporary maintenance, assembling and storage of equipment for the stable ancillary facilities of the Group.

The Board (including the independent non-executive Directors) considers that the terms of the Tenancy Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and its shareholders as a whole.

As Mr. Ruan Hongliang and Ms. Jiang Jinhua are parents of Ms. Ruan Zeyun, each of them has a material interest in the transactions under the Tenancy Agreement and has abstained from voting on the relevant board resolutions approving the Tenancy Agreement. Apart from Mr. Ruan Hongliang and Ms. Jiang Jinhua, no other Directors has abstained from voting on the relevant board resolutions approving the Tenancy Agreement.

INFORMATION ON THE GROUP AND JIAXING YIHE

The Company is a joint stock company established in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange and the A shares are listed on the main board of Shanghai Stock Exchange. The Group is one of the leading photovoltaic glass manufacturers globally and in the PRC, in terms of photovoltaic raw glass and processed Photovoltaic glass. The Group also manufactures and sells float glass, household glass and architectural glass.

Jiaxing Yihe is a limited liability company established in the PRC and directly and wholly-owned by Ms. Ruan Zeyun, who is a Controlling Shareholder. See also “Listing Rules Implications” below regarding the relationship of Ms. Ruan Zeyun with other Directors and Shareholders. Jiaxing Yihe is principally engaged in the research and development, manufacturing and sales of machinery equipment and lease of property.

LISTING RULES IMPLICATIONS

Ms. Ruan Zeyun is one of the parties to a concert party agreement dated 19 September 2016 entered into between Mr. Ruan Hongliang (an executive Director, chairman of the Board and father of Ms. Ruan Zeyun), Ms. Jiang Jinhua (an executive Director and mother of Ms. Ruan Zeyun), Ms. Ruan Zeyun and Mr. Zhao Xiaofei (the spouse of Ms. Ruan Zeyun and the son-in-law of Mr. Ruan Hongliang) pursuant to which they have acted and continue to act in concert in relation to the exercise of voting rights attached to the Shares held by each of them, being an aggregate of 1,119,191,000 Shares, representing approximately 57.39% of the total issued share capital of the Company, at the general meetings of the Company. As such, Ms. Ruan Zeyun is considered a controlling shareholder of the Company and thus a connected person of the Company under Chapter 14A of the Listing Rules. Jiaxing Yihe is directly and wholly-owned by Ms. Ruan Zeyun, and thus an associate of Ms. Ruan Zeyun and a connected person of the Company under Rule 14A.07 of the Listing Rules.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors
“Company”	福萊特玻璃集團股份有限公司 (Flat Glass Group Co., Ltd.) a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange (Stock code: 6865) and the A Shares are listed on the main board of the Shanghai Stock Exchange (Stock code: 601865)
“Connected Person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning as ascribed under the Listing Rules, and in the case of the Company, means Mr. Ruan Hongliang, Ms. Jiang Jianhua, Ms. Ruan Zeyun and Mr. Zhao Xiaofei

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Jiaxing Yihe”	嘉興義和機械有限公司 (Jiaxing Yihe Machinery Co., Ltd.*), a company established in the PRC with limited liability and directly wholly-owned by Ms. Ruan Zeyun
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Premises”	three connected 6-storey M-shaped buildings situated at 959 Yunhe Road, Xiuzhou District, Jiaxing City, Zhejiang Province, People’s Republic of China and two 5-storey factories situated at 959 Yunhe Road, Xiuzhou District, Jiaxing City, Zhejiang Province, People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	Shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 11 December 2019 entered into between the Company as tenant and Jiaxing Yihe as landlord in relation to the lease of Premise

By order of the Board
Flat Glass Group Co., Ltd.
Ruan Hongliang
Chairman

Jiaxing, Zhejiang Province, 11 December 2019

As at the date of this announcement, the executive directors of the Company are Mr. Ruan Hongliang, Ms. Jiang Jinhua, Mr. Wei Yezhong and Mr. Shen Qifu, and the independent non-executive directors of the Company are Mr. Cui Xiaozhong, Ms. Hua Fulan and Mr. Ng Ki Hung.

** For identification purpose only*