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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)

PROPOSED ISSUANCE OF NEW H SHARES UNDER SPECIFIC MANDATE

Placing Agent



PROPOSED ISSUANCE OF NEW H SHARES UNDER SPECIFIC MANDATE

At the Board meeting held on 5 February 2021, the Board approved the proposed issuance of not more than 76,000,000 New H Shares which will be placed to qualified investors, pursuant to the Specific Mandate to be approved by the Shareholders at the EGM and the Class Meetings.

The maximum number of New H Shares to be issued represents: (i) approximately 3.5% of the total issued share capital of the Company as at the date of the Board meeting, (ii) approximately 3.4% of the total issued share capital of the Company as enlarged by the Issuance, (iii) approximately 16.9% of the total number of issued H Shares of the Company as at the date of the Board meeting, and (iv) approximately 14.4% of the total issued H Shares of the Company as enlarged by the Issuance.

GENERAL

The Issuance is subject to consideration and approval by the Shareholders at the EGM and the Class Meetings.

The Company will convene the EGM and the Class Meetings. A circular containing, among other things, details of the above matters and the notices of the EGM and the Class Meetings will be despatched to the Shareholders in due course.

This announcement only provides information relating to the Issuance to the Shareholders and potential investors, and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company. The Issuance is subject to certain conditions, including but not limited to the market conditions, and the Shareholders' approval at the EGM and the Class Meetings. The Issuance is also subject to the approvals of the CSRC and/or other relevant regulatory authorities, and accordingly, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares or other securities of the Company.

I. PROPOSED ISSUANCE OF NEW H SHARES UNDER SPECIFIC MANDATE

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Details of the proposed Issuance are as follows:

(a) Class and par value of the Shares to be issued

The New H Shares to be issued are overseas-listed foreign shares which shall be listed on the Main Board of the Stock Exchange with a par value of RMB0.25 each.

(b) Method and time of issuance

The Issuance involves a placing of New H Shares to qualified investors in accordance with the Articles of Association. The Issuance is subject to the approval by the Shareholders and the CSRC and is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in the New H Shares. The Company will implement the Issuance in single or multiple tranches within the validity period of the resolutions in relation to the Issuance and in compliance with applicable laws and regulations.

(c) Target placees and subscription method

The target placees of the New H Shares will be qualified investors (excluding those in respect of which subscription has been or would be prohibited under relevant laws and regulations), who (together with their respective ultimate beneficial owners) are independent third parties and not connected persons (as defined under the Listing Rules) of the Company. The New H Shares will be subscribed by the placee(s) in cash.

(d) Issue price and pricing method

Subject to compliance with applicable laws and regulations, the New H Shares will be issued at a price determined after arm's length negotiation between the Company and the Placing Agent with reference to the capital market conditions, the overall interest of existing Shareholders, and the trading price of the H Shares of the Company. The issue price of the New H Shares shall not be lower than 90% of the average closing price of the H Shares as quoted on the Stock Exchange over the last five trading days prior to the date of determination of the relevant issue price, and shall comply with the applicable laws and regulations and market practices.

In addition, according to Rule 7.27B of the Listing Rules, the Company may not undertake a specific mandate placing that would result in a theoretical dilution effect of 25% or more, unless the Company can demonstrate that there are exceptional circumstances. The Issuance would not result in a theoretical dilution effect (as defined in Rule 7.27B of the Listing Rules) of 25% or more within the 12 months' period preceding the date of this announcement.

(e) Number of New H Shares to be issued

Subject to the approvals of the Shareholders at the EGM and the Class Meetings, the total number of New H Shares proposed to be issued under the Issuance shall not exceed 76,000,000 Shares. The actual number of New H Shares to be issued will be determined by the Company and the Placing Agent according to market conditions, the capital requirements of the Company and applicable laws and regulations.

In the event of any rights issue, transfer of capital reserves to share capital, or other ex-right events during the period from the date of the Board meeting and the issuance date of the New H Shares, the maximum number of New H Shares to be issued under the Issuance shall be adjusted according to the capital structure of the Company after such ex-right event.

(f) Accumulated profits before the Issuance

All Shareholders will be entitled to share the Company's accumulated undistributed profits retained prior to the Issuance according to their respective shareholdings upon completion of the Issuance.

(g) Place of listing

The New H Shares to be issued under the Issuance will be listed and traded on the Main Board of the Stock Exchange. Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in all New H Shares on the Stock Exchange, as and when appropriate.

(h) Use of proceeds

The proceeds from the issuance of the New H Shares, after deducting relevant expenses, will be primarily used to replenish the working capital of the Company, repayment of interest-bearing debts and for general corporate purposes.

(i) Validity period of the resolutions

The resolutions relating to the Issuance shall be valid for 12 months, commencing from the date of passing of the relevant special resolutions at the EGM and obtaining of the approval from class shareholders at the Class Meetings and subject to the approval or permission from the regulatory

(4) appointment of legal advisers, placing agents, settlement agents and other intermediaries in connection with the Issuance, and the negotiation and determining their terms of appointment;

(5) issuance and allotment of New H Shares to successful applicant(s) of the Issuance;

(6) arranging the opening of bank accounts of the Company;

(7) authorising and instructing the Company's shares registrar in respect of H Shares, Tricor Investor Services Limited, to register the relevant information of new holders of H Shares or HKSCC Nominees Limited in the register of members of the Company in Hong Kong;

(8) performing and signing (with seal or not) all acts, matters, deeds and documents and other matters desirable, appropriate or related to the Issuance (as the case may be), and such authority is specifically granted to any Director who shall be authorised to, on behalf of the Company, deal with all matters and implement all acts necessary or desirable in connection with the Issuance;

(9) amending provisions of the Articles of Association upon completion of the Issuance and in accordance with the actual circumstances of the Issuance as appropriate, to reflect the change of capital structure of the Company due to the Issuance;

(10) upon completion of the Issuance, signing relevant documents to authorise specified person(s) to deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and all other necessary actions in relation to the change of registered capital and amendment to the Articles of Association of the Company; and

(11) dealing with all other matters in relation to the Issuance, including but not limited to formulating, changing, approving, ratifying and confirming all provisions in relation to the Issuance, and signing, or delivering any documents as necessary and appropriate.

Conditions to the Issuance

The Issuance is conditional upon:

(a) the grant of the proposed Specific Mandate by the Shareholders to the Board having been obtained at the EGM and the Class Meetings;

(b) the approval of the proposed issue of the New H Shares pursuant to the proposed Specific Mandate by the relevant PRC administrative and/or regulatory authorities, including the CSRC;

(c) the entering into of the issuance/placing agreement(s) between the Company and the issuance/placing agent(s) and the subscription agreement(s) between the Company and the investor(s) (as the case may be) and such issuance/placing agreement(s) and subscription agreement(s) (as the case may be) not being terminated in accordance with the terms therein; and

(d) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the Issuance.

Reasons for and benefits of the Issuance

The Board considers that the Issuance is beneficial to the Company by providing long-term capital at a relative low financing cost, which will facilitate the Company's steady development and growth. In addition, the Issuance will expand the investor base of the H Shares and enhance the Company's access to international investor(s) of strategic value and optimize the Company's capital structure by reducing its interest expenses through utilisation of part of the proceeds from the Issuance to repay certain interest-bearing debts.

Appointment of placing agent

The Company has engaged China International Capital Corporation Hong Kong Securities Limited to act as a placing agent for the Issuance and expects to enter into a formal placing agreement with it in due course, while details of the transaction (including the issue price and placing arrangement) are to be finalised.

Fund-raising activities of the Company for the past 12 months

(i) Issuance of A Share convertible corporate bonds

In June 2020, the Company issued the A share convertible corporate bonds to raise RMB1.45 billion. The net proceeds raised (approximately RMB1.44 billion) was and will be applied to the Company's investment in a PV modules project in Fengning Modern Industrial Park, Fengyang County, Chuzhou City, Anhui Province, the PRC with an annual production capacity of 750,000 tons of glass with expected investment amount totaling RMB1,751.7 million (the "**PV Modules Project**"). For further details in relation to the issuance of the A share convertible corporate bonds and the PV Modules Project, please refer to the announcement of the Company dated 12 June 2020 and the interim report of the Company for the six months ended 30 June 2020 (the "**Interim Report**").

(ii) Non-public issuance of A Shares

On 18 January 2021, the Company completed the non-public issuance of 84,545,147 A Shares in total at the issue price of RMB29.57 per A Share. Among the net proceeds raised (approximately RMB2.48 billion), RMB1.40 billion will be applied for phase II of the PV Modules Project, RMB0.33 billion will be applied to PV backplane glass project(s) with an annual production capacity of 42 million square meters and RMB0.75 billion will be utilised as general working capital of the Company. Please refer to the announcements of the Company dated 12 June 2020, 19 January 2021, the Interim Report and the circular of the Company dated 17 July 2020 for further details in relation to the issuance of A Shares as mentioned above.

GENERAL

“EGM”	the extraordinary general meeting to be convened by the Company for the Shareholders to consider and approve, among other things, the resolutions in relation to the Issuance
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB0.25 each, which are subscribed for, traded in Hong Kong dollars, and listed on the Stock Exchange (stock code: 6865)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Issuance”	the issuance of not more than 76,000,000 New H Shares which will be placed to qualified investor(s)
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New H Shares”	new H Shares proposed to be issued pursuant to the Specific Mandate
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Placing Agent”	China International Capital Corporation Hong Kong Securities Limited
“PV”	Photovoltaic
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange”	Shanghai Stock Exchange (籠

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"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Jiaxing, Zhejiang Province, the People's Republic of China
5 February 2021

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.

* *If there is any inconsistency between the English name and the Chinese name, the Chinese name shall prevail.*