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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED*

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

(Stock code: 01108)

CONNECTED TRANSACTION

On 25 September 2015, Longhao Glass, a wholly-owned subsidiary of the Company, entered into the Civil Work Construction Agreement with Bengbu Institute, pursuant to which Bengbu Institute has agreed to provide construction service for the Project at a consideration of RMB3,340,000 (equivalent to approximately HK\$4,074,800).

Bengbu Institute is a subsidiary of Triumph Technology Group Company* (凱盛科技集團公司), an indirect controller of the Company. Therefore, Bengbu Institute is regarded as a connected person of the Company. The transaction contemplated under the Civil Work Construction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios are more than 0.1% but less than 5%, the transaction contemplated under the Civil Work Construction Agreement is subject to the reporting and announcement requirements only and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 25 September 2015, Longhao Glass, a wholly-owned subsidiary of the Company, entered into the Civil Work Construction Agreement with Bengbu Institute, pursuant to which Bengbu Institute has agreed to provide construction service for the Project at a consideration of RMB3,340,000 (equivalent to approximately HK\$4,074,800).

Set out below is a summary of the principal terms of the Civil Work Construction Agreement:

CIVIL WORK CONSTRUCTION AGREEMENT

Date

25 September 2015

Parties

- (1) Longhao Glass; and
- (2) Bengbu Institute

Service to be provided

Pursuant to the Civil Work Construction Agreement, Bengbu Institute has agreed to provide civil construction service for Longhao Glass regarding the technological renovation of a 650 t/d float glass production line of Longhao Glass, including but not limited to renovation of material workshop, renovation of combined float glass workshop, renovation of general electric substation, renovation of circulating water system, renovation of waterway and electrical pipe network at factory site, renovation of workshop lightings and other civil work, etc.

Consideration

The consideration under the Civil Work Construction Agreement is RMB3,340,000 (equivalent to approximately HK\$4,074,800), which shall be payable by Longhao Glass to Bengbu Institute in the following manner:

1. 10% of the consideration, i.e. RMB334,000 (equivalent to approximately HK\$407,480), being prepayment (the “**Prepayment**”), shall be paid to Bengbu Institute within seven days upon signing of the Civil Work Construction Agreement;
2. construction progress payments (the “**Construction Progress Payments**”) shall be paid on monthly basis. Upon commencement of construction of the Project, Bengbu Institute shall submit and apply for the monthly Construction Progress Payments on the 25th day of each month to the supervision company which shall complete reviewing of the submission and hand over the same to Longhao Glass within five days upon receiving such submission. 85% of the Construction Progress Payments for the actual construction work completed for that month shall be payable by Longhao Glass to Bengbu Institute within ten days upon receiving the reviewed documents in respect of the Construction Progress Payments;

3. the Prepayment shall be deducted from the Construction Progress Payments in two tranches upon payment of over 40% of the consideration, i.e. RMB1,336,000 (equivalent to approximately HK\$1,629,920), by Longhao Glass;
4. 95% of the consideration, i.e. RMB3,173,000 (equivalent to approximately HK\$3,871,060), shall have been paid to Bengbu Institute within three months upon completion of inspection and final acceptance of the Project; and
5. 5% of the consideration, i.e. RMB167,000 (equivalent to approximately HK\$203,740), being detained by Longhao Glass as warranty deposit, shall be paid to Bengbu Institute in one lump within one month upon expiry of the warranty period. The warranty period for civil construction and steel structural work is one year while the warranty period for the water-proofing work is five years (commencing from the date of completion of inspection and final acceptance of the Project).

The consideration was determined after arm's length negotiations between the parties with reference to the market price for providing civil construction service regarding the technological renovation of glass production lines. The Directors (including the independent non-executive Directors) believe that the consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

REASONS FOR ENTERING INTO THE CIVIL WORK CONSTRUCTION AGREEMENT

The Civil Work Construction Agreement was entered into for the purpose of renovating and improving the quality of the glass production line of Longhao Glass, which will allow Longhao Glass to adjust its product structure and elevate its product grade to meet market demand. The terms of the Civil Work Construction Agreement were determined after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) consider that the Civil Work Construction Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION OF LONGHAO GLASS AND BENGBU INSTITUTE

Longhao Glass, a wholly-owned subsidiary of the Company, is principally engaged in the manufacturing and sales of float glass with 3 mm to 15 mm size.

Bengbu Institute, a subsidiary of Triumph Technology Group Company* (凱盛科技集團公司), an indirect controller of the Company, is principally engaged in the contracting of professional engineering survey, consultancy, design and supervision projects in relation to construction and building materials, etc.

LISTING RULES IMPLICATIONS

As mentioned above, Bengbu Institute is a subsidiary of Triumph Technology Group Company* (凱盛科技集團公司), an indirect controller of the Company. Therefore, Bengbu Institute is regarded as a connected person of the Company. The transaction contemplated under the Civil Work Construction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios are more than 0.1% but less than 5%, the transaction contemplated under the Civil Work Construction Agreement is subject to the reporting and announcement requirements only and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Ma Liyun and Mr. Xie Jun, the executive Directors of the Company, and Mr. Zhang Chengong and Mr. Zhang Chong, the non-executive Directors of the Company, have abstained from voting in respect of the Civil Work Construction Agreement at the Board meeting due to the fact that they are senior management of Triumph Technology Group Company* (凱盛科技集團公司) or the controlled entities of its controlling shareholder and are therefore not regarded as independent to make any recommendation to the Board.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Bengbu Institute”	蚌埠玻璃工業設計研究院 (Bengbu Glass Industry Design Institute*), a subsidiary of 凱盛科技集團公司 (Triumph Technology Group Company*), the indirect controller of the Company
“Board”	the board of Directors
“Civil Work Construction Agreement”	the civil work construction agreement entered into between Longhao Glass and Bengbu Institute on 25 September 2015, pursuant to which, Bengbu Institute has agreed to provide civil construction service for the Project
“Company”	洛陽玻璃股份有限公司 (Luoyang Glass Company Limited*), a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 1108) and the Shanghai Stock Exchange (stock code: 600876) respectively

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longhao Glass”	洛玻集團洛陽龍昊玻璃有限公司 (CLFG Luoyang Longhao Glass Company Limited*), a company with limited liability incorporated in the PRC, and a wholly-owned subsidiary of the Company
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project”	the civil construction project regarding technological renovation of a 650 t/d float glass production line of Longhao Glass
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For the purpose of this announcement, the following exchange rate is used:

RMB1.00 = HK\$1.22

By order of the Board of
Luoyang Glass Company Limited*
Ma Liyun
Chairman

Luoyang, the PRC
25 September 2015

As at the date of this announcement, the Board comprises four executive Directors: Mr. Ma Liyun, Mr. Ni Zhisen, Ms. Sun Lei and Mr. Xie Jun; two non-executive Directors: Mr. Zhang Chengong and Mr. Zhang Chong; and four independent non-executive Directors: Mr. Huang Ping, Mr. Dong Jiachun, Mr. Liu Tianni and Mr. Jin Zhanping.

* *for identification purposes only*