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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO FINANCE LEASE AGREEMENT**

On 8 December 2016, the Lessee, as a wholly-owned subsidiary of the Company, and the Lessor entered into the Finance Lease Agreement, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB100,000,000 (equivalent to approximately HK\$115,000,000) and the Lessor agreed to leaseback the Leased Assets to the Lessee during the Lease Period. Upon expiry of the Lease Period and subject to full payment of all the rents and other payables and performance of other obligations by the Lessee under the Finance Lease Agreement, the Lessor shall transfer the ownership of the Leased Assets back to the Lessee at a consideration of RMB1.

As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules. Pursuant to the requirements of the listing rules of the Shanghai Stock Exchange, the transaction contemplated under the Finance Lease Agreement has been approved by the Shareholders at the EGM.

INTRODUCTION

Reference is made to the announcements of the Company dated 18 November 2016 and 6 December 2016, respectively.

The Board is pleased to announce that on 8 December 2016, the Lessee, as a wholly-owned subsidiary of the Company, and the Lessor entered into the Finance Lease Agreement, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB100,000,000 (equivalent to approximately HK\$115,000,000) and the Lessor agreed to leaseback the Leased Assets to the Lessee during the Lease Period. Upon expiry of the Lease Period and subject to full payment of all the rents and other payables and performance of other obligations by the Lessee under the Finance Lease Agreement, the Lessor shall transfer the ownership of the Leased Assets back to the Lessee at a consideration of RMB1.

THE FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are summarised as follows:

Date

8 December 2016

Parties

- (i) 太平石化金融租賃有限責任公司 (Taiping & Sinopec Financial Leasing Co., Ltd.*), being the Lessor; and
- (ii) 蚌埠中建材信息顯示材料有限公司 (Bengbu China National Building Materials Information Display Materials Company Limited*), being the Lessee.

Subject Matters

Sale of the Leased Assets to the Lessor

Pursuant to the Finance Lease Agreement, the Lessee agreed to sell and the Lessor agreed to purchase the Leased Assets originally owned by the Lessee at a total consideration of RMB100,000,000 (equivalent to approximately HK\$115,000,000), which was determined after arm's length negotiation between the parties with reference to the net asset value of the Leased Assets as at 30 September 2016, being approximately RMB100,567,774 (equivalent to approximately HK\$115,652,940), and

shall be paid by the Lessor to the Lessee within 15 Business Days upon satisfaction of the following conditions precedent (or upon waiver of the conditions precedent by the Lessor):

- (1) the Lessor, the Lessee and other third party(ies) (including but not limited to the Guarantor) having signed the Finance Lease Agreement, the lease schedule and other relevant legal documents thereunder, and all the above documents having become effective and there is no occurrence of any event of default;
- (2) the Lessor having received all review documents and other materials and documents which the Lessor considers necessary to be provided by the Lessee;
- (3) if there is a guarantee relating to the transaction under the Finance Lease Agreement, the relevant guarantee documents and the right of guarantee having become effective, and the Guarantor having provided and the Lessor having received the approval or authorization document(s) of the competent authority of the Guarantor approving the external guarantee;
- (4) if applicable, the Lessee having completed the mortgage registration procedures of the Leased Assets in the relevant registration authorities according to the requirements of the Lessor, and the Lessor having received the relevant mortgage registration proof;
- (5) all of the warranties and representations made by the Lessee under the Finance Lease Agreement are true and complete and not misleading in any material respect;
- (6) the Lessor having received the payment application letter issued by the Lessee and the Lessor having confirmed the accuracy of the contents thereof;
- (7) the Lessor having received the risk deposit and other payables (if applicable) paid by the Lessee;
- (8) the Leased Assets having been registered in the Movable Financing Registration System of the Credit Information Center of the People's Bank of China (中國人民銀行徵信中心中徵動產融資統一登記平台) or other relevant registration institution(s);
- (9) at the time of payment of the consideration by the Lessor, there having occurred no material change in respect of the national fiscal and taxation policy, financial policy or capital supervision measures in the financial industry as compared to the time of signing the relevant lease schedule; and
- (10) other transaction conditions or relevant procedures relating to the Finance Lease Agreement having been fulfilled or completed.

If the above conditions precedent shall not have been fulfilled within the agreed period or the period which the Lessor considers reasonable, it shall be regarded as an event of default by the Lessee under the Finance Lease Agreement. The Lessor shall then have the right to terminate the Finance Lease Agreement and claim for compensation in respect of any loss resulting therefrom.

As at the signing date of the lease schedule under the Finance Lease Agreement by the Lessor and the Lessee, the title of the Leased Assets will be transferred from the Lessee to the Lessor.

Leaseback of the Leased Assets to the Lessee

Pursuant to the Finance Lease Agreement, the Leased Assets shall be leased back to the Lessee during the Lease Period at the total rent of approximately RMB106,172,344 (equivalent to approximately HK\$122,719,196), which comprises of (i) the amount of the lease principal in the sum of RMB100,000,000 (equivalent to approximately HK\$115,000,000); and (ii) the lease interest of approximately RMB6,172,344 (equivalent to approximately HK\$7,719,196) under the lease interest rate of 4.2750% per annum. The aforesaid rent shall be paid by the Lessee to the Lessor during the Lease Period in twelve (12) installments.

Ownership of the Leased Assets during and after the Lease Period

The Leased Assets comprise the molding and ancillary equipment for production of ultra-thin glass of the Lessee. The Leased Assets alone could not generate any revenue for the Group. The net assets value of the Leased Assets as at 30 September 2016 were approximately RMB100,567,774 (equivalent to approximately HK\$115,652,940). During the Lease Period, the ownership of the Leased Assets will vest in the Lessor and the Lessee will be entitled to occupy and use the Leased Assets.

Upon expiry of the Lease Period and subject to full payment of all the rents and other payables and performance of other obligations by the Lessee under the Finance Lease Agreement, the Lessor shall transfer the ownership of the Leased Assets back to the Lessee at a consideration of RMB1.

Risk Deposit

In order to protect the rights of the Lessor under the Finance Lease Agreement, the Lessee shall pay to the Lessor a risk deposit in the sum of RMB10,000,000 (equivalent to approximately HK\$11,500,000). Upon expiry of the Lease Period, the risk deposit shall be used to set-off all or part of the last one or several installments of the rent, provided that there is no occurrence of event of default and no money is owed by the Lessee under the Finance Lease Agreement.

Guarantee

According to the Guarantee Agreement, the Guarantor agreed to provide joint liability guarantee to the Lessor for the Lessee's liabilities under the Finance Lease Agreement. The scope of guarantee includes all of the rental, risk deposit, overdue interest, liquidated damages, prepayment compensation, repurchase cost under the Finance Lease Agreement, and the costs incurred from realization of claims by the Lessor (including but not limited to litigation fee, arbitration fee, legal fee, notarial fee, travel expenses, maintenance cost, advertising fee, appraisal fee, evaluation fee and auction fee, etc.).

Effectiveness

The Finance Lease Agreement shall take effect upon its signing by the parties thereto.

REASONS FOR AND BENEFIT OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The entering into of the Finance Lease Agreement is for the purposes of increasing the financing channels of the Company, replenishing capital required for the production and operations, optimizing the Company's assets, and optimizing the Company's liability structure.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms of the Finance Lease Agreement and the transaction contemplated thereunder are arrived at after arm's length negotiations between the parties thereto, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY, THE LESSEE, THE LESSOR AND THE GUARANTOR

The Company is principally engaged in the production and sale of float sheet glass and ultra-thin electronic glass.

The Lessee is a wholly-owned subsidiary of the Company and is principally engaged in the development, production, sale and deep processing of ultra-thin glass.

The Lessor is a company incorporated in the PRC with limited liability and is principally engaged in financial leasing business and other financial business. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, the Lessor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Guarantor is a company incorporated in the PRC with limited liability and is an indirect controlling shareholder of the Company. The Guarantor is principally engaged in glass sector, new materials sector, new energy sector, new equipment sector and project management sector.

LISTING RULES IMPLICATIONS AND SHAREHOLDERS' APPROVAL

As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules. Pursuant to the requirements of the listing rules of the Shanghai Stock Exchange, the transaction contemplated under the Finance Lease Agreement has been approved by the Shareholders at the EGM.

Since the Guarantor is an indirect controlling shareholder of the Company, it is regarded as a connected person of the Company under the Listing Rules. The provision of guarantee by the Guarantor in favour of the Lessee under the Guarantee Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such provision of guarantee will be conducted on normal commercial terms or better and no security over the assets of the Group will be required, the provision of guarantee under the Guarantee Agreement is exempt under Rule 14A.90 of the Listing Rules from the reporting, announcement and independent Shareholders' approval requirements.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“Business Day”	a day (other than Saturday, Sunday and public holidays) on which commercial banks in the PRC are open for general banking business;
“CLFG”	China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), the substantial shareholder of the Company holding approximately 19.94% of the total issued shares of the Company;
“Company”	Luoyang Glass Company Limited* (洛陽玻璃股份有限公司), 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;
“Director(s)”	the director(s) of the Company, including the independent non-executive directors;
“EGM”	the 2016 second extraordinary general meeting of the Company held on 6 December 2016, at which the Shareholders approved, among other things, the transaction contemplated under the Finance Lease Agreement;
“Finance Lease Agreement”	the finance lease agreement dated 8 December 2016 entered into between the Lessor and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessor at a total consideration of RMB100,000,000 and the Lessor agreed to leaseback the Leased Assets to the Lessee during the Lease Period;
“Group”	the Company and its subsidiaries;

“Guarantee Agreement”	the guarantee agreement dated 8 December 2016 signed by the Lessor and the Guarantor, pursuant to which the Guarantor shall provide joint liability guarantee for the Lessee’s liabilities to the Lessor under the Finance Lease Agreement;
“Guarantor”	凱盛科技集團公司(Triumph Technology Group Company), a company incorporated in the PRC with limited liability and an indirect controlling shareholder of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Leased Assets”	the molding and ancillary equipment for production of ultra-thin glass, all of which shall be transferred by the Lessee to the Lessor and shall be leased back by the Lessor to the Lessee according to the Finance Lease Agreement;
“Lease Period”	a period of 3 years which is expected to commence from 15 December 2016;
“Lessee”	Bengbu China National Building Materials Information Display Materials Company Limited* (蚌埠中建材信息顯示材料有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company;
“Lessor”	Taiping & Sinopec Financial Leasing Co., Ltd.* (太平石化金融租賃有限責任公司), a company incorporated in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

RMB1.00 = HK\$1.15

By Order of the Board of
Luoyang Glass Company Limited*
Zhang Chong
Chairman

Luoyang, the PRC
8 December 2016

As at the date of this announcement, the Board comprises four executive Directors: Mr. Zhang Chong, Mr. Ni Zhisen, Mr. Wang Guoqiang and Mr. Ma Yan; three non-executive Directors: Mr. Zhang Chengong, Mr. Xie Jun and Mr. Tang Liwei; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Liu Tianni, Mr. Ye Shuhua and Mr. He Baofeng.

* *For identification purposes only*