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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 – TRANSFER OF  
THE CREDITOR'S RIGHTS**

On 30 December 2016, the Company and CLFG (the substantial Shareholder of the Company) entered into the Creditor's Rights Transfer Agreement, pursuant to which the Company agreed to transfer to CLFG, and CLFG agreed to receive, the Creditor's Rights, at a transfer price of RMB9,930,000 (equivalent to approximately HK\$11,220,900).

CLFG is the substantial Shareholder of the Company holding approximately 19.94% of the total issued shares of the Company, and therefore is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. The transaction contemplated under the Creditor's Rights Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the applicable percentage ratios are more than 0.1% but less than 5%, the transaction contemplated under the Creditor's Rights Transfer Agreement is subject to the reporting and announcement requirements only but is exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 30 December 2016, the Company and CLFG (the substantial Shareholder of the Company) entered into the Creditor's Rights Transfer Agreement, pursuant to which the Company agreed to transfer to CLFG, and CLFG agreed to receive, the Creditor's Rights, at a transfer price of RMB9,930,000 (equivalent to approximately HK\$11,220,900).

Set out below is a summary of the principal terms of the Creditor's Rights Transfer Agreement:

## **THE CREDITOR'S RIGHTS TRANSFER AGREEMENT**

### **Date**

30 December 2016

### **Parties**

- (1) The Company, as the transferor; and
- (2) CLFG, as the transferee.

### **Details of the transfer**

Under the Creditor's Rights Transfer Agreement, the Company agreed to transfer to CLFG, and CLFG agreed to receive, the Creditor's Rights of the Company in connection with Crane Factory, as the debtor, including all rights of the Company arising from the Creditor's Rights.

### **Transfer price and payment terms**

The transfer price payable for the Creditor's Rights under the Creditor's Rights Transfer Agreement is RMB9,930,000 (equivalent to approximately HK\$11,220,900), which was determined between the parties after arm's length negotiation and with reference to the appraised value of the Creditor's Rights of RMB9,930,000 (equivalent to approximately HK\$11,220,900). The valuation of the Creditor's Rights was conducted by China United Assets Appraisal Group Co., Ltd.\* (中聯資產評估集團有限公司), an independent professional valuer in the PRC. The transfer price shall be paid in cash and in full by CLFG to the Company within five (5) business days after the Creditor's Rights Transfer Agreement is effective and completed.

The book value of the Creditor's Rights as at 1 December 2016 was RMB9,930,000 (equivalent to approximately HK\$11,220,900). Prior to this transfer of the Creditor's Right, bad debt provision of RMB4,965,000 (equivalent to approximately HK\$5,610,450) was accrued. Upon completion of this transfer of the Creditor's Right, it is expected that the Company will reverse bad debt loss of RMB4,965,000 (equivalent to approximately HK\$5,610,450), resulting in an increase in profit of RMB4,965,000 (equivalent to approximately HK\$5,610,450). The proceeds from the transfer are intended to be used by the Company as general working capital.

### **Completion**

The Company shall notify Crane Factory (being the debtor) this transfer by written notice within three (3) business days from the effective date of the Creditor's Rights Transfer Agreement, i.e. the date upon approval of the authorized authorities of both the Company and CLFG after signing the Creditor's Rights Transfer Agreement. The date of the written notice of this transfer by the Company to Crane Factory shall be the completion date of the Creditor's Rights Transfer Agreement.

Since the date of the written notice of this transfer by the Company to Crane Factory, CLFG will substitute the Company to be the creditor of the Creditor's Rights, and shall be entitled to exercise all rights of a creditor according to the laws and regulations and be responsible for the responsibility, risk and loss in the claiming process for the Creditor's Rights.

### **Delivery**

The Company shall deliver the related information of the Creditor's Rights, including the relevant creditor's rights certificate and the receipt of the delivery of the written notice to the debtor, to CLFG within five (5) business days from the date of receipt of the transfer price from CLFG. CLFG shall issue a receipt certificate to the Company upon confirmation of correctness of the delivery from the Company. The Company shall assist, to the full extent, CLFG to claim for the Creditor's Rights and provide necessary assistance.

### **REASONS FOR AND BENEFIT OF ENTERING INTO THE CREDITOR'S RIGHTS TRANSFER AGREEMENT**

The transfer of the Creditor's Rights is beneficial to the Company in liquidizing its assets, enhancing quality of its existing asset and increasing cash flow. The terms of the Creditor's Rights Transfer Agreement were determined after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the Creditor's Rights Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF THE COMPANY AND CLFG**

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

CLFG, the substantial Shareholder of the Company, is principally engaged in the production and sale of float glass, imports, exports and domestic sales of glass processing technology, design, subcontracting and labour exports of engineering works and other businesses.

## **LISTING RULES IMPLICATIONS**

As mentioned above, CLFG is the substantial Shareholder of the Company holding approximately 19.94% of the total issued shares of the Company, and therefore is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. The transaction contemplated under the Creditor's Rights Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the applicable percentage ratios are more than 0.1% but less than 5%, the transaction contemplated under the Creditor's Rights Transfer Agreement is subject to the reporting and announcement requirements only but is exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Zhang Chong and Mr. Ma Yan, the executive Directors of the Company, and Mr. Zhang Chengong, Mr. Xie Jun and Mr. Tang Liwei, the non-executive Directors of the Company, have abstained from voting in respect of the Creditor's Rights Transfer Agreement in the Board meeting due to the fact that they have connected relationship with CLFG or indirect controlling Shareholder(s) of the Company 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:

“Board”	the board of Directors
“CLFG”	China Luoyang Float Glass (Group) Company Limited*(中國洛陽浮法玻璃集團有限責任公司), a company incorporated in the PRC with limited liability and 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
“Crane Factory”	Luoyang Crane Factory Company Limited* (洛陽起重機廠有限公司), a limited liability company incorporated in the PRC
“Creditor’s Rights”	the creditor’s rights of the Company in connection with Crane Factory, as the debtor, including all rights of the Company arising from such creditor’s rights
“Creditor’s Rights Transfer Agreement”	the creditor’s rights transfer agreement dated 30 December 2016 entered into between the Company and CLFG, pursuant to which the Company agreed to transfer to CLFG, and CLFG agreed to receive, the Creditor’s Rights
“Directors”	the directors of the Company, including the independent non-executive directors of the Company
“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
“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
“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
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“%”	per cent

*For the purpose of this announcement, the following exchange rate is used:  
RMB1.00 = HK\$1.13.*

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

Luoyang, the PRC  
30 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*