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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 11 April 2017, 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\$113,000,000) 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 nominal price of RMB1,000.

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.

INTRODUCTION

The Board is pleased to announce that on 11 April 2017, 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\$113,000,000) 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 nominal price of RMB1,000.

THE FINANCE LEASE AGREEMENT

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

Date

11 April 2017

Parties

- (i) 蘇銀金融租賃股份有限公司 (Suyin 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\$113,000,000), 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 November 2016, being approximately RMB106,709,961 (equivalent to approximately HK\$120,582,256), and shall be paid by the Lessor to the Lessee in the following manners:

- I. Upon satisfaction of the conditions described below, within 5 business days following issue of a payment notice by the Lessee, the Lessor shall make the first payment of the consideration in the sum of RMB5,000,000 to the Lessee:
 - 1. the Lessor and the Lessee having executed the Finance Lease Agreement, which having become effective;

2. the Lessor and the Lessee having executed the transfer agreement in respect of the Leased Assets, which having become effective;
 3. the Guarantor having executed the Guarantee Agreement, which having become effective;
 4. the Lessee having provided its resolutions of the shareholders to approve the Finance Lease Agreement and the transactions contemplated thereunder;
 5. the Guarantor having provided the decision from its general manager to approve to provide guarantee under the Guarantee Agreement;
 6. the Lessor having received the copy of invoice (with company seal) of the Leased Assets;
 7. the Lessor having received the payment notice issued by the Lessee; and
 8. the Lessor having received insurance certificate on which the Lessor having become the beneficiary of the Leased Assets.
- II. Upon satisfaction of the conditions described below, within 5 business days following issue of a payment notice by the Lessee, the Lessor shall make the second payment of the consideration in the sum of RMB95,000,000 to the Lessee:
1. the Lessor having received the payment notice issued by the Lessee; and
 2. the Lessor having received the risk deposit in the sum of RMB2,000,000 and the handling fee in the sum of RMB2,500,000 paid by the Lessee.

As at the date of the first payment of the consideration in the sum of RMB5,000,000 by the Lessor to 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 RMB113,521,990 (equivalent to approximately HK\$128,279,849), which comprises of (i) the amount of the lease principal in the sum of RMB100,000,000 (equivalent to approximately HK\$113,000,000); and (ii) the lease interest of approximately RMB13,521,990 (equivalent to approximately HK\$15,279,849), to be calculated and adjusted according to the benchmark lending rate of the People's Bank of China during the same period. The aforesaid rent shall be paid by the Lessee to the Lessor during the Lease Period in ten (10) installments.

Ownership of the Leased Assets during and after the Lease Period

The Leased Assets comprise part of the equipment of the production line of ultra-thin glass and ancillary equipment of the Lessee. The Leased Assets alone could not generate any revenue for the Group. The net asset value of the Leased Assets as at 30 November 2016 were approximately RMB106,709,961 (equivalent to approximately HK\$120,582,256). 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 nominal price of RMB1,000.

Risk Deposit

In order to protect the rights of the Lessor under the Finance Lease Agreement, the Lessee shall, on or before 20 April 2017, pay to the Lessor a risk deposit in the sum of RMB2,000,000 (equivalent to approximately HK\$2,260,000). 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.

Handling Fee

The Lessor agrees to provide consultancy service and risk management service to the Lessee during the Lease Period. Accordingly, the Lessee shall, on or before 20 April 2017, pay to the Lessor a handling fee in the sum of RMB2,500,000 (equivalent to approximately HK\$2,825,000), which is non-refundable.

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 Lessee's liabilities under the Finance Lease Agreement, including but not limited to rent, rental interest, compound interest, default interest, service fee, penalty, liquidated damages, legal fee, notarial fee, tax, litigation fee, travel expense, evaluation fee, auction fee, asset maintenance fee, enforcement fee, advertising fee, delivery fee, appraisal fee, and other relevant costs incurred from realization of claims by the Lessor.

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 electronic information display glass.

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

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.

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;
“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;
“Finance Lease Agreement”	the finance lease agreement dated 11 April 2017 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 11 April 2017 entered into between 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”	part of the equipment of the production line of ultra-thin glass and ancillary equipment, 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 5 years which is expected to commence from 20 April 2017;
“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”	Suyin Financial Leasing Co., Ltd.* (蘇銀金融租賃股份有限公司), 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\$1.13

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

Luoyang, the PRC
12 April 2017

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*