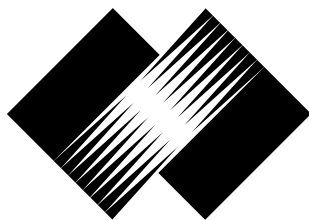


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**洛阳玻璃股份有限公司**

**LUOYANG GLASS COMPANY LIMITED\***

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

(Stock Code: 01108)

## **CONNECTED TRANSACTIONS**

On 17 April 2014, Longhao Glass, the wholly-owned subsidiary of the Company, entered into the Project Design and Construction Agreement with Shenzhen Kaisheng, pursuant to which Shenzhen Kaisheng has agreed to provide project design, construction and installation services for the purpose of the Project at a consideration of RMB3,770,000 (equivalent to approximately HK\$4,825,600). On the same date, Longhao Glass entered into the Equipment Supply Agreement with Shenzhen Kaisheng, pursuant to which Shenzhen Kaisheng has agreed to supply main equipment for the purpose of the Project at a consideration of RMB10,170,000 (equivalent to approximately HK\$13,017,600).

Shenzhen Kaisheng is an indirect non wholly-owned subsidiary of CNBMG, which indirectly owns 70.70% equity interest in CLFG, the controlling Shareholder of the Company. Therefore, Shenzhen Kaisheng is an associate of CNBMG and accordingly, is regarded as a connected person of the Company. The transactions contemplated under the Agreements (i.e. the Project Design and Construction Agreement and the Equipment Supply Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Agreements should be aggregated pursuant to Rule 14A.25 of the Listing Rules. Since the applicable percentage ratios (after aggregation) are more than 0.1% but less than 5%, the Agreements are subject to the reporting and announcement requirements only but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 17 April 2014, Longhao Glass, the wholly-owned subsidiary of the Company, entered into the Project Design and Construction Agreement with Shenzhen Kaisheng, pursuant to which Shenzhen Kaisheng has agreed to provide project design, construction and installation services for the purpose of the Project at a consideration of RMB3,770,000 (equivalent to approximately HK\$4,825,600). On the same date, Longhao Glass entered into the Equipment Supply Agreement with Shenzhen Kaisheng, pursuant to which Shenzhen Kaisheng has agreed to supply main equipment for the purpose of the Project at a consideration of RMB10,170,000 (equivalent to approximately HK\$13,017,600).

Set out below is a summary of the principal terms of the Agreements:

## **THE PROJECT DESIGN AND CONSTRUCTION AGREEMENT**

### **Date**

17 April 2014

## **Parties**

- (1) Longhao Glass; and
- (2) Shenzhen Kaisheng

## **Services to be provided**

Pursuant to the Project Design and Construction Agreement, Shenzhen Kaisheng has agreed to provide Longhao Glass with project design, construction and installation services for the building of a residual heat power generation boiler system by using kiln flue gas generated from the glass production lines of Longhao Glass, including but not limited to:

### **1. Design Services:**

Including project design, construction drawing design and on-site services of residual heat power generation boiler and auxiliary systems, provision of relevant documents for the initiation of the Project and for the relevant examination and approval of the Project.

### **2. Construction and Installation Services:**

Including the installation, construction, adjustment and testing of the residual heat power plant.

The building of the residual heat power generation boiler system should be completed within 4 months from the effective date of the Project Design and Construction Agreement.

## **Consideration**

The consideration under the Project Design and Construction Agreement is RMB3,770,000 (equivalent to approximately HK\$4,825,600), which shall be payable by Longhao Glass by bill of exchange or in cash from its internal resources to Shenzhen Kaisheng in the following manner:

1. 10% of the consideration, i.e. RMB377,000 (equivalent to approximately HK\$482,560), being prepayment, shall be paid within one week upon signing of the Project Design and Construction Agreement;

2. 40% of the consideration, i.e. RMB1,508,000 (equivalent to approximately HK\$1,930,240), being the boiler installation fees, shall be paid within one week upon completion of the installation of the boiler and completion of the hydraulic pressure test;
3. 45% of the consideration, i.e. RMB1,696,500 (equivalent to approximately HK\$2,171,520), being the equipment operation fees, shall be paid within one week upon examination and acceptance of the residual heat boiler; and
4. 5% of the consideration, i.e. RMB188,500 (equivalent to approximately HK\$241,280), being the quality assurance deposit, shall be paid within one week upon the expiry of the warranty period of the residual heat boiler.

The consideration was determined after arm's length negotiations between the parties with reference to the market price for providing the above design, construction and installation services. 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.

## **THE EQUIPMENT SUPPLY AGREEMENT**

### **Date**

17 April 2014

### **Parties**

- (1) Longhao Glass; and
- (2) Shenzhen Kaisheng

## **Equipment to be supplied**

Pursuant to the Equipment Supply Agreement, Shenzhen Kaisheng has agreed to supply Longhao Glass with the main equipment for the residual heat power generation boiler system by using kiln flue gas generated from the glass production lines of Longhao Glass, including but not limited to:

### **1. Residual Heat Boiler and Auxiliary Engines:**

Including residual heat boiler units, boiler water-feeding pumps, steam vent mufflers, boiler soot blower systems and dosing systems.

### **2. Air and Flue Gas Systems:**

Including boiler induced draught fans, variable frequency motors, quick-opening butterfly valves, front butterfly valves, inlet valves of induced draught fans, outlet valves of induced draught fans, ripple compensators of boiler entrance, ripple compensators of boiler exit, front draught fan ripple compensators and back draught fan ripple compensators.

### **3. Electrical Equipment:**

Including frequency converters, cables, crane span structures, copper busbars and high-low pressure switch cubicles.

### **4. Automatic Control:**

Including primary instruments, regulating valves and actuators.

## **Consideration**

The consideration under the Equipment Supply Agreement is RMB10,170,000 (equivalent to approximately HK\$13,017,600), which shall be payable by Longhao Glass by bill of exchange or in cash from its internal resources to Shenzhen Kaisheng in the following manner:

1. 10% of the consideration, i.e. RMB1,017,000 (equivalent to approximately HK\$1,301,760), being prepayment, shall be paid within one week upon signing of the Equipment Supply Agreement;

2. 20% of the consideration, i.e. RMB2,034,000 (equivalent to approximately HK\$2,603,520), shall be paid within one week upon receipt of the copy purchase order for the main boiler from Shenzhen Kaisheng;
3. 40% of the consideration, i.e. RMB4,068,000 (equivalent to approximately HK\$5,207,040), shall be paid within one week upon arrival of the steam drum of the main boiler;
4. 25% of the consideration, i.e. RMB2,542,500 (equivalent to approximately HK\$3,254,400), shall be paid within one week upon examination and acceptance of the residual heat boiler; and
5. 5% of the consideration, i.e. RMB508,500 (equivalent to approximately HK\$650,880), being the quality assurance deposit, shall be paid within one week upon the expiry of the warranty period of the equipment.

The consideration was determined after arm's length negotiations between the parties with reference to the market price for supplying the above equipment. 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 AGREEMENTS**

Through entering into the Agreements, the residual heat power generation boiler system could be built up, which enables Longhao Glass to make full use of kiln flue gas generated from its glass production lines, which will have a positive effect on energy saving and environment protection, and will further reduce the cost of production. The terms of the Agreements were determined after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) consider that the Agreements are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF LONGHAO GLASS AND SHENZHEN KAISHENG**

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

Shenzhen Kaisheng is an indirect non wholly-owned subsidiary of CNBMG, mainly providing technical services, technology development, technology consultation as well as the development and sales of the relevant products in the engineering fields, such as ceramic, glass, cement, fireproofing materials, non-metal ores, environmental protection and electronic automatic control, etc. It is also engaged in the businesses of treatment of waste water and waste gas, industry development and import and export, etc.

### **LISTING RULES IMPLICATIONS**

As mentioned above, Shenzhen Kaisheng is an indirect non wholly-owned subsidiary of CNBMG, which indirectly owns 70.70% equity interest in CLFG, the controlling Shareholder of the Company. Therefore, Shenzhen Kaisheng is an associate of CNBMG and accordingly, is regarded as a connected person of the Company. The transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Agreements should be aggregated pursuant to Rule 14A.25 of the Listing Rules. Since the applicable percentage ratios (after aggregation) are more than 0.1% but less than 5%, the Agreements are subject to the reporting and announcement requirements only but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Mr. Ma Liyun and Mr. Xie Jun, the executive Directors of the Company, and Mr. Zhang Chengong, Mr. Guo Yimin and Mr. Zhang Chong, the non-executive Directors of the Company, have abstained from voting in respect of the Agreements in the Board meeting due to the fact that they are senior management of CLFG or the controlled entities of CNBMG, 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:

“Agreements”	the Project Design and Construction Agreement and the Equipment Supply Agreement
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“CLFG”	中國洛陽浮法玻璃集團有限責任公司 (China Luoyang Float Glass (Group) Company Limited*), a company incorporated in the PRC with limited liability and the immediate controlling Shareholder of the Company holding 31.80% equity interest in the Company
“CNBMG”	中國建築材料集團有限公司 (China National Building Material Group Corporation*), a wholly state-owned enterprise incorporated in the PRC and the ultimate controlling Shareholder of the Company
“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



“Equipment Supply Agreement”	the equipment supply contracting agreement dated 17 April 2014 entered into between Longhao Glass and Shenzhen Kaisheng, pursuant to which Shenzhen Kaisheng has agreed to supply main equipment for the purpose of the Project
“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 the 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 project in respect of building a residual heat power generation boiler system by using kiln flue gas generated from the glass production lines of Longhao Glass
“Project Design and Construction Agreement”	the project design and construction and installation agreement dated 17 April 2014 entered into between Longhao Glass and Shenzhen Kaisheng, pursuant to which Shenzhen Kaisheng has agreed to provide project design, construction and installation services for the purpose of the Project
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Kaisheng”	深圳市凱盛科技工程有限公司 (Shenzhen Kaisheng Science and Technology Engineering Company Limited*), a company with limited liability incorporated in the PRC, and the indirect non wholly-owned subsidiary of CNBMG
“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\$1.28

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

Luoyang, the PRC  
17 April 2014

*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; three non-executive Directors: Mr. Zhang Chengong, Mr. Guo Yimin and Mr. Zhang Chong; and three independent non-executive Directors: Mr. Huang Ping, Mr. Dong Jiachun and Mr. Liu Tianni.*

\* *for identification purposes only*