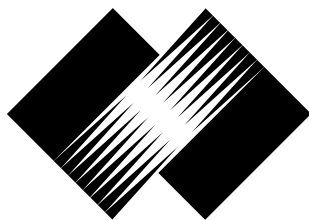


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**洛阳玻璃股份有限公司**

**LUOYANG GLASS COMPANY LIMITED\***

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

(Stock Code: 01108)

## **CONTINUING CONNECTED TRANSACTION**

On 17 April 2014, Longhao Glass, the wholly-owned subsidiary of the Company, entered into the Assets Leasing Agreement with CLFG, pursuant to which CLFG has agreed to lease to Longhao Glass the Leased Assets for a term of 3 years from the date of approval by the Independent Shareholders at the AGM. The transaction contemplated under the Assets Leasing Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the applicable percentage ratios are more than 5%, the transaction contemplated under the Assets Leasing Agreement is subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **GENERAL**

The Company will convene the AGM on 3 June 2014 for the purpose of, among other things, seeking Independent Shareholders' approval for the Assets Leasing Agreement and its proposed annual caps. CLFG and its associates will abstain from voting on the resolution(s) in respect of the Assets Leasing Agreement and its proposed annual caps at the AGM. At the AGM, votes will be taken by poll.

A circular containing, among other things, (i) details of the Assets Leasing Agreement and its proposed annual caps, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Assets Leasing Agreement and its proposed annual caps, and (iv) a notice of the AGM, is expected to be despatched to the Shareholders on or before 14 May 2014.

## **INTRODUCTION**

The Board is pleased to announce that on 17 April 2014, Longhao Glass, the wholly-owned subsidiary of the Company, entered into the Assets Leasing Agreement with CLFG, pursuant to which CLFG has agreed to lease to Longhao Glass the Leased Assets for a term of 3 years from the date of approval by the Independent Shareholders at the AGM.

Set out below is a summary of the principal terms of the Assets Leasing Agreement:

## **DETAILS OF THE ASSETS LEASING AGREEMENT**

Date: 17 April 2014

Parties: (1) CLFG, as lessor; and  
(2) Longhao Glass, as lessee

Term: 3 years from the date of approval by the Independent Shareholders at the AGM

Pursuant to the Assets Leasing Agreement, CLFG has agreed to lease to Longhao Glass a 600t/d online Low-E glass production line workshop and equipment located at Neibu Village, Ruyang County, Luoyang, Henan Province, the PRC, including but not limited to the main production line, raw material workshop, homogenization silo, mixtures transportation system, cullet system, hydrogen production station, electric power substation, nitrogen production station, compressed air station, liquid ammonia storage shed, raw material auxiliary workshop and circulating water pump house, etc.

The annual rental fees for the Leased Assets under the Assets Leasing Agreement are RMB31,900,000 (equivalent to approximately HK\$40,832,000). The quarterly rental fees shall be RMB7,975,000. The rental fees of previous quarter shall be payable by Longhao Glass from its internal resources by bank transfer or other methods as agreed to the account designated by CLFG before the 15th day of the first month of every quarter during the term. The rental fees were determined after arm's length negotiations between the parties with reference to the costs and related taxes to be incurred of the Leased Assets.

During the term of the Assets Leasing Agreement, Longhao Glass may sub-lease the Leased Assets to other parties.

The Assets Leasing Agreement shall take effect upon obtaining approval for such agreement from the Independent Shareholders at the AGM.

## **ANNUAL CAPS**

Based on the quarterly rental fees of RMB7,975,000 payable under the Assets Leasing Agreement, the annual caps for the said agreement for the Company's financial years ending 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 shall not exceed RMB18,608,334, RMB31,900,000, RMB31,900,000 and RMB13,291,667 respectively.

## **REASONS FOR ENTERING INTO THE ASSETS LEASING AGREEMENT**

The Group is principally engaged in the production and sale of float sheet glass and is one of the largest manufacturers and distributors of float glass in the PRC. In order to avoid competition between the Group and CLFG, CLFG has agreed to lease its glass production line workshop and equipment to Longhao Glass. Further, the entering into of the Assets Leasing Agreement meets the need for the implementation of the Group's development project in the coming years.

The terms of the Assets Leasing Agreement were determined after arm's length negotiations between the parties thereto. Except for the views of the independent non-executive Directors on the Assets Leasing Agreement and its proposed annual caps, which will be expressed after considering the advice from the Independent Financial Adviser, the Directors are of the view that the Assets Leasing Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION AND RELATIONSHIP OF THE PARTIES TO THE ASSETS LEASING AGREEMENT**

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.

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

## **LISTING RULES IMPLICATIONS**

As mentioned above, CLFG is the immediate controlling Shareholder of the Company holding 31.80% equity interest in the Company, and therefore is regarded as a connected person of the Company under the Listing Rules. The transaction contemplated under the Assets Leasing Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Since the applicable percentage ratios are more than 5%, the transaction contemplated under the Assets Leasing Agreement is subject to the reporting, announcement and independent shareholders' approval requirements 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 Assets Leasing Agreement in the Board meeting due to the fact that they are senior management of CLFG or the controlled entities of its controlling shareholder(s) and are therefore not regarded as independent to make any recommendation to the Board.

## **GENERAL**

The Company will convene the AGM on 3 June 2014 for the purpose of, among other things, seeking Independent Shareholders' approval for the Assets Leasing Agreement and its proposed annual caps. CLFG and its associates will abstain from voting on the resolution(s) in respect of the Assets Leasing Agreement and its proposed annual caps at the AGM. At the AGM, votes will be taken by poll.

Pursuant to the Listing Rules, the Independent Board Committee will be established to give recommendations to the Independent Shareholders in respect of the Assets Leasing Agreement and its proposed annual caps. Goldin Financial Limited, being the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Assets Leasing Agreement and its proposed annual caps, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Assets Leasing Agreement and its proposed annual caps, and (iv) a notice of the AGM, is expected to be despatched to the Shareholders on or before 14 May 2014.

## DEFINITIONS

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

“AGM”	the 2013 annual general meeting of the Company proposed to be convened and held on 3 June 2014 for the purpose of, among other things, seeking Independent Shareholders’ approval for the Assets Leasing Agreement and its proposed annual caps
“Assets Leasing Agreement”	the assets leasing agreement dated 17 April 2014 entered into between Longhao Glass and CLFG, pursuant to which CLFG has agreed to lease to Longhao Glass the Leased Assets
“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
“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 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
“Independent Board Committee”	the independent board committee of the Company comprising of all the independent non-executive Directors
“Independent Financial Adviser”	Goldin Financial Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) licensed to carry on type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Assets Leasing Agreement and its proposed annual caps
“Independent Shareholders”	Shareholders other than CLFG and its associates
“Leased Assets”	a 600t/d online Low-E glass production line workshop and equipment located at Neibu Village, Ruyang County, Luoyang, Henan Province, the PRC, including but not limited to the main production line, raw material workshop, homogenization silo, mixtures transportation system, cullet system, hydrogen production station, electric power substation, nitrogen production station, compressed air station, liquid ammonia storage shed, raw material auxiliary workshop and circulating water pump house, etc.
“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
“mm”	millimeter
“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 and 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
“t/d”	tonnes per day
“%”	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*