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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
SALE AND LEASEBACK AGREEMENTS**

On 8 August 2018, the Lessee, a non-wholly owned subsidiary of the Company, and the Lessors entered into the Sale and Leaseback Agreements, pursuant to which the Lessee agreed to sell the Leased Assets to the Lessors at a total consideration of RMB160,000,000 and the Lessors agreed to leaseback the Leased Assets to the Lessee during the Lease Term. Upon expiry of the Lease Term and subject to full payment of all the rents and other payables and performance of other obligations by the Lessee under the Sale and Leaseback Agreements, the Lessors shall assign the ownership of the Leased Assets I , II , III and IV back to the Lessee each at a nominal price of RMB100.

As the applicable percentage ratios are more than 5% but less than 25%, the transactions contemplated under the Sale and Leaseback Agreements constitute disclosable transactions of the Company and are subject to the reporting and announcement requirements only but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 8 August 2018, the Lessee, a non-wholly owned subsidiary of the Company, and the Lessors entered into the Sale and Leaseback Agreements, pursuant to which the Lessors will provide financing service to the Lessee. In particular, the Lessee agreed to sell the Leased Assets to the Lessors at a total consideration of RMB160,000,000 and the Lessors agreed to leaseback the Leased Assets to the Lessee during the Lease Term. As agreed by the Lessors and the Lessee, the sale and leaseback business will be conducted in four batches in accordance with the Lessee's actual capital demands arising from its production, operation and business development, namely the Lessors and the Lessee will enter into four Sale and Leaseback Agreements. Upon expiry of the Lease Term and subject to full payment of all the rents and other payables and performance of other obligations by the Lessee under the Sale and Leaseback Agreements, the Lessors shall assign the ownership of the Leased Assets I , II , III and IV back to the Lessee each at a nominal consideration of RMB100.

THE SALE AND LEASEBACK AGREEMENTS

The principal terms of the Sale and Leaseback Agreements are as follows:

Date

8 August 2018

Parties

- (i) Ping An International Financial Leasing Co., Ltd.*(平安國際融資租賃有限公司), being Lessor A;
- (ii) Ping An International Financial Leasing (Tianjin) Co., Ltd.* (平安國際融資租賃(天津)有限公司), being Lessor B; and
- (iii) CNBM (Yixing) New Energy Resources Co., Ltd* (中建材(宜興)新能源有限公司), being the Lessee.

All the four Sale and Leaseback Agreements are entered into by the above parties.

Subject Matters

Sale of the Leased Assets to the Lessors

Sale and Leaseback Agreement I

Pursuant to the Sale and Leaseback Agreement I, the Lessee agreed to sell and the Lessors agreed to purchase the Leased Assets I owned by the Lessee at the Consideration I of RMB40,000,000, which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets I as at 30 April 2018, being approximately RMB48,833,817.72, and shall be paid by the Lessors to the Lessee in the following manners:

Upon the Sale and Leaseback Agreement I being effective and the satisfaction of the conditions precedent described below, the Lessors shall pay the Consideration I to the Lessee within thirty (30) Business Days, of which, a sum of RMB38,000,000 shall be paid by Lessor A, and a sum of RMB2,000,000 shall be paid by Lessor B. As Lessor B has entrusted Lessor A to pay the Consideration I via wire transfer, after offsetting the security deposit of RMB4,000,000 payable by the Lessee under the Sale and Leaseback Agreement I, Lessor A shall pay the Lessee RMB36,000,000 to fulfill the Lessors' obligations to pay the Consideration I in full.

Sale and Leaseback Agreement II

Pursuant to the Sale and Leaseback Agreement II, the Lessee agreed to sell and the Lessors agreed to purchase the Leased Assets II owned by the Lessee at the Consideration II of RMB30,000,000, which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets II as at 30 April 2018, being approximately RMB31,398,634.39, and shall be paid by the Lessors to the Lessee in the following manners:

Upon the Sale and Leaseback Agreement II being effective and the satisfaction of the conditions precedent described below, the Lessors shall pay the Consideration II to the Lessee within thirty (30) Business Days, of which, a sum of RMB28,500,000 shall be paid by Lessor A, and a sum of RMB1,500,000 shall be paid by Lessor B. As Lessor B has entrusted Lessor A to pay the Consideration II via wire transfer, after offsetting the security deposit of RMB3,000,000 payable by the Lessee under the Sale and Leaseback Agreement II, Lessor A shall pay the Lessee RMB27,000,000 to fulfill the Lessors' obligations to pay the Consideration II in full.

Sale and Leaseback Agreement III

Pursuant to the Sale and Leaseback Agreement III, the Lessee agreed to sell and the Lessors agreed to purchase the Leased Assets III owned by the Lessee at the Consideration III of RMB30,000,000, which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets III as at 30 April 2018, being approximately RMB31,259,254.71, and shall be paid by the Lessors to the Lessee in the following manners:

Upon the Sale and Leaseback Agreement III being effective and the satisfaction of the conditions precedent described below, the Lessors shall pay the Consideration III to the Lessee within thirty (30) Business Days, of which, a sum of RMB28,500,000 shall be paid by Lessor A, and a sum of RMB1,500,000 shall be paid by Lessor B. As Lessor B has entrusted Lessor A to pay the Consideration III via wire transfer, after offsetting the security deposit of RMB3,000,000 payable by the Lessee under the Sale and Leaseback Agreement III, Lessor A shall pay the Lessee RMB27,000,000 to fulfill the Lessors' obligations to pay the Consideration III in full.

Sale and Leaseback Agreement IV

Pursuant to the Sale and Leaseback Agreement IV, the Lessee agreed to sell and the Lessors agreed to purchase the Leased Assets IV owned by the Lessee at the Consideration IV of RMB60,000,000 which was determined after arm's length negotiation between the parties with reference to the book value of the Leased Assets IV as at 30 April 2018, being approximately RMB64,121,580.87, and shall be paid by the Lessors to the Lessee in the following manners:

Upon the Sale and Leaseback Agreement IV being effective and the satisfaction of the conditions precedent described below, the Lessors shall pay the Consideration IV to the Lessee within thirty (30) Business Days, of which, a sum of RMB57,000,000 shall be paid by Lessor A, and a sum of RMB3,000,000 shall be paid by Lessor B. As Lessor B has entrusted Lessor A to pay the Consideration IV via wire transfer, after offsetting the security deposit of RMB6,000,000 payable by the Lessee under the Sale and Leaseback Agreement IV, Lessor A shall pay the Lessee RMB54,000,000 to fulfill the Lessors' obligations to pay the Consideration IV in full.

Conditions precedent

The conditions precedent to each of the Sale and Leaseback Agreements are set out below:

1. the Lessors having received the payment notice issued by the Lessee; and

2. the Lessors having received the original receipt in the sum of Considerations issued by the Lessee.

The ownership of the Leased Assets will be transferred from the Lessee to the Lessors upon payment of the Considerations by the Lessors to the Lessee. (If the Considerations are to be paid by installments, the ownership of the Leased Assets shall be concurrently transferred to the Lessors upon payment of the first installment of the Considerations)

Leaseback of the Leased Assets to the Lessee

Pursuant to the Sale and Leaseback Agreement I, the Leased Assets I shall be leased back to the Lessee during the Lease Term at the total rent of approximately RMB42,445,956.80, which comprises of (i) the amount of the lease principal in the sum of RMB40,000,000; and (ii) the lease interest of approximately RMB2,445,956.80 at the annual lease interest rate of 4.75%, being the benchmark interest rate (the “**Benchmark Interest Rate**”) published by the People’s Bank of China multiplied by 100% during the same period and to be adjusted accordingly.

Pursuant to the Sale and Leaseback Agreement II, the Leased Assets II shall be leased back to the Lessee during the Lease Term at the total rent of approximately RMB31,834,467.58, which comprises of (i) the amount of the lease principal in the sum of RMB30,000,000; and (ii) the lease interest of approximately RMB1,834,467.58 at the annual lease interest rate of 4.75%, to be adjusted according to the change of Benchmark Interest Rate during the same period.

Pursuant to the Sale and Leaseback Agreement III, the Leased Assets III shall be leased back to the Lessee during the Lease Term at the total rent of approximately RMB31,834,467.58, which comprises of (i) the amount of the lease principal in the sum of RMB30,000,000; and (ii) the lease interest of approximately RMB1,834,467.58 at the annual lease interest rate of 4.75%, to be adjusted according to the change of Benchmark Interest Rate during the same period.

Pursuant to the Sale and Leaseback Agreement IV, the Leased Assets IV shall be leased back to the Lessee during the Lease Term at the total rent of approximately RMB63,668,935.18, which comprises of (i) the amount of the lease principal in the sum of RMB60,000,000; and (ii) the lease interest of approximately RMB3,668,935.18 at the annual lease interest rate of 4.75%, to be adjusted according to the change of Benchmark Interest Rate during the same period.

The Lease Term shall commence from the date (subject to the date set out in the certificate of payment made by the Lessors) when the Considerations are settled in accordance with the Sale and Leaseback Agreements and last for 36 months. The rent shall be paid by the Lessee in nine installments during the Lease Term and the amount of rent for each installment shall be referred to the Sale and Leaseback Agreements. If any adjustment was made to the Benchmark Interest Rate during the period from date of the Sale and Leaseback Agreements until expiry of the validity period under the Sale and Leaseback Agreements, the lease interest rate shall be adjusted based on the change of the Benchmark Interest Rate. The rent shall not be adjusted based on the adjustment to the Benchmark Interest Rate, if the rent shall be settled within 90 days (inclusive) commencing from the date when the adjustment to the Benchmark Interest Rate was made, while the adjustment to the rent shall be made in the rest of the Lease Term.

Ownership of the Leased Assets during and after the Lease Term

The Leased Assets are certain machinery equipment of production lines of the photovoltaic glass owned by the Lessee. The Leased Assets could not generate any revenue for the Group. The total book value of the Leased Assets as at 30 April 2018 were approximately RMB175,613,287.69. During the Lease Term, the Leased Assets will be owned by the Lessors and the Lessee will be entitled to occupy and use the Leased Assets.

Upon expiry of the Lease Term and subject to full payment of all the rents and other payables and performance of other obligations by the Lessee under the Sale and Leaseback Agreements, the Lessors shall assign each of the ownership of the Leased Assets I, II, III and IV back to the Lessee at a nominal price of RMB100.

Security Deposits

In order to protect the rights of the Lessors under the Sale and Leaseback Agreements, the Lessee shall, pay the Lessors security deposits in the sum of RMB4,000,000, RMB3,000,000, RMB3,000,000, and RMB6,000,000 under the Sale and Leaseback Agreement I, II, III and IV, respectively. Upon expiry of the Lease Term, the security deposits shall be used to offset all or part of the last one or several instalments of the rent, provided that there is no occurrence of breach and no debt incurred by the Lessee under the Sale and Leaseback Agreements.

Service Fees

The Lessors agreed to provide services such as plan of development schemes, consultation services on business and management, etc., to the Lessee during the Lease Term. The Lessee shall, within five (5) Business Days commencing from the date of each Lease Term under the Sale and Leaseback Agreement I, II, III and IV, pay the Lessors a service fee in the sum of RMB1,560,000, RMB1,170,000, RMB1,170,000, and RMB2,340,000, respectively. The service fees shall be paid by the Lessee via wire transfer and received by the Lessor B. The service fees are non-refundable.

Guarantee

According to the Guarantee Agreement, the Guarantor agreed to provide joint liability guarantee to the Lessors for the Lessee's liabilities under the Sale and Leaseback Agreements. The scope of guarantee includes all of the Lessee's liabilities under the Sale and Leaseback Agreements, including but not limited to rent, interest, service fees, penalty, liquidated damages, repurchase price of the leased items and other relevant payables, legal fee, notarial fee, litigation fee, enforcement fee, and other relevant costs incurred from realization of claims by the Lessors.

Effectiveness

The Sale and Leaseback Agreements shall take effect upon execution by the Lessors and the Lessee and the satisfaction of the following conditions:

1. the Guarantor having executed the Guarantee Agreement, which has become effective;
2. the Lessee having provided the shareholders resolutions on approval of the Sale and Leaseback Agreements and the transactions contemplated thereunder;
3. the Guarantor having provided the decision from the executive Directors on approval of the provision of guarantee under the Guarantee Agreement; and
4. the Lessors having received, reviewed and confirmed the documents on the ownership of the Leased Assets within three (3) Business Days upon the date of the Sale and Leaseback Agreements;

REASONS FOR AND BENEFIT OF ENTERING INTO THE SALE AND LEASEBACK AGREEMENTS

The signing of the Sale and Leaseback Agreements allows Lessee to use certain machinery equipment of the production lines to conduct sale and leaseback business for financing, which could expand the financing channels of the Group and provide funds for the Group's production and operations in a timely manner according to its needs.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms of the Sale and Leaseback Agreements and the transactions 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 LESSORS AND THE GUARANTOR

The Company is principally engaged in the production and sale of electronic information display glass, solar photovoltaic glass and deep processed solar photovoltaic glass products.

The Lessee is a non-wholly owned subsidiary of the Company and is principally engaged in the research and development, production and sale of solar photovoltaic glass and deep processed solar photovoltaic glass products.

The Lessors are companies incorporated in the PRC with limited liability and are 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 Lessors and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. The Lessor B is directly owned as to 50% by the Lessor A.

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 the business of 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 transactions contemplated under the Sale and Leaseback Agreements constitute discloseable transactions of the Company and are 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;
“Business Day(s)”	any day except Saturdays, Sundays and statutory holidays in the PRC;
“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;
“Considerations”	the consideration I, II, III and IV under the Sale and Leaseback Agreements respectively or collectively;
“Consideration I”	the consideration paid to the Lessee by the Lessors for the acquisition of the Leased Assets I pursuant to the Sale and Leaseback Agreement I;
“Consideration II”	the consideration paid to the Lessee by the Lessors for the acquisition of the Leased Assets II pursuant to the Sale and Leaseback Agreement II;
“Consideration III”	the consideration paid to the Lessee by the Lessors for the acquisition of the Leased Assets III pursuant to the Sale and Leaseback Agreement III;
“Consideration IV”	the consideration paid to the Lessee by the Lessors for the acquisition of the Leased Assets IV pursuant to the Sale and Leaseback Agreement IV;
“Director(s)”	the director(s) of the Company, including the independent non-executive directors;

“Group”	the Company and its subsidiaries;
“Guarantee Agreement”	the guarantee agreement dated 8 August 2018 entered into between the Lessors and the Guarantor, pursuant to which the Guarantor shall provide joint liability guarantee for the Lessee’s liabilities to the Lessors under the Sale and Leaseback Agreements;
“Guarantor”	凱盛科技集團有限公司 (Triumph Technology Group Company Limited*), 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”	refer to Leased Assets I, II, III and IV, respectively or collectively;
“Leased Assets I”	certain machinery equipment of production lines of the photovoltaic glass, all of which shall be assigned by the Lessee to the Lessors and shall be leased back by the Lessors to the Lessee according to the Sale and Leaseback Agreement I;
“Leased Assets II”	certain machinery equipment of production lines of the photovoltaic glass, all of which shall be assigned by the Lessee to the Lessors and shall be leased back by the Lessors to the Lessee according to the Sale and Leaseback Agreement II;
“Leased Assets III”	certain machinery equipment of production lines of the photovoltaic glass, all of which shall be assigned by the Lessee to the Lessors and shall be leased back by the Lessors to the Lessee according to the Sale and Leaseback Agreement III;
“Leased Assets IV”	certain machinery equipment of production lines of the photovoltaic glass, all of which shall be assigned by the Lessee to the Lessors and shall be leased back by the Lessors to the Lessee according to the Sale and Leaseback Agreement IV;

“Lease Term”	the lease term of 3 years under the Sale and Leaseback Agreements;
“Lessee”	CNBM (Yixing) New Energy Resources Co., Ltd* (中建材(宜興)新能源有限公司), a company incorporated in the PRC with limited liability, and a non-wholly owned subsidiary of the Company with 70.99% of its equity held by the Company;
“Lessors”	refer to Lessor A and Lessor B, collectively;
“Lessor A”	Ping An International Financial Leasing Co., Ltd.* (平安國際融資租賃有限公司), a company incorporated in the PRC with limited liability;
“Lessor B”	Ping An International Financial Leasing (Tianjin) Co., Ltd.* (平安國際融資租賃(天津)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;
“Sale and Leaseback Agreements”	the Sale and Leaseback Agreement I, II, III and IV dated 8 August 2018 entered into by the Lessors and the Lessee respectively or collectively;
“Sale and Leaseback Agreement I”	the Sale and Leaseback Agreement dated 8 August 2018 entered into between the Lessors and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets I to the Lessors at the Consideration I of RMB40,000,000 and the Lessors agreed to leaseback the Leased Assets I to the Lessee during the Lease Term;

“Sale and Leaseback Agreement II”	the Sale and Leaseback Agreement dated 8 August 2018 entered into between the Lessors and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets II to the Lessors at the Consideration II of RMB30,000,000 and the Lessors agreed to leaseback the Leased Assets II to the Lessee during the Lease Term;
“Sale and Leaseback Agreement III”	the Sale and Leaseback Agreement dated 8 August 2018 entered into between the Lessors and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets III to the Lessors at the Consideration III of RMB30,000,000 and the Lessors agreed to leaseback the Leased Assets III to the Lessee during the Lease Term;
“Sale and Leaseback Agreement IV”	the Sale and Leaseback Agreement dated 8 August 2018 entered into between the Lessors and the Lessee, pursuant to which the Lessee agreed to sell the Leased Assets IV to the Lessors at the Consideration IV of RMB60,000,000 and the Lessors agreed to leaseback the Leased Assets IV to the Lessee during the Lease Term;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Luoyang, the PRC
8 August 2018

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; one non-executive Director: Mr. Xie Jun; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Liu Tianni, Mr. Ye Shuhua and Mr. He Baofeng.

* *For identification purposes only*