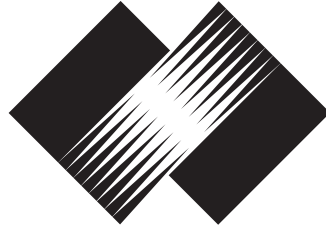


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**洛阳玻璃股份有限公司**

**LUOYANG GLASS COMPANY LIMITED**

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

(Stock Code: 1108)

**ANNOUNCEMENT**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS IN  
RELATION TO THE ACQUISITIONS OF 20% EQUITY INTERESTS IN  
CLFG LUOYANG LONGHAO GLASS COMPANY LIMITED,  
20% EQUITY INTERESTS IN CLFG LUOYANG LONGHAI ELECTRONIC  
GLASS COMPANY LIMITED AND 10% EQUITY INTERESTS IN CLFG  
LONGFEI GLASS COMPANY LIMITED  
AND  
(2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION  
TO THE DISPOSAL OF 49.09% INTERESTS IN  
CLFG LUOYANG PROCESSED GLASS COMPANY LIMITED**

**Financial advisor to the Company**



**BRIDGE PARTNERS**

**BRIDGE PARTNERS CAPITAL LIMITED**

The Board is pleased to announce that on 16 December 2009 (after trading hours of the Stock Exchange), the Company and CLFG, a controlling shareholder of the Company, entered into (i) the Longhao Glass Share Transfer Agreement, pursuant to which CLFG agreed to dispose of and the Company agreed to acquire 20% equity interests in Longhao Glass at a cash consideration of RMB7,300,356.93 (equivalent to approximately HK\$8,279,335); (ii) the Longhai Glass Share Transfer Agreement, pursuant to which CLFG agreed to dispose of and the Company agreed to acquire 20% equity interests in Longhai Glass at a cash consideration of RMB941,425.28 (equivalent to approximately HK\$1,067,670) and (iii) the Longfei Glass Share Transfer Agreement, pursuant to which CLFG agreed to dispose of and the Company agreed to acquire 10% equity interests in Longfei Glass at nil consideration. On the same day, the Company entered into the Luoyang Processed Glass Share Transfer Agreement with CLFG, pursuant to which the Company agreed to dispose of and CLFG agreed to acquire 49.09% equity interests in Luoyang Processed Glass at RMB1.00 consideration.

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Acquisitions and the Disposal on an aggregated basis are more than 5% but less than 25%, the Acquisitions and the Disposal constitute discloseable transactions for the purposes of, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Furthermore, the Acquisitions and the Disposal also constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and the Acquisitions have been aggregated for the purpose of Rule 14A.26 of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) of the Acquisitions and the Disposal is on an aggregated basis more than 2.5% but less than 25% and the aggregate consideration is less than HK\$10,000,000, the Acquisitions and the Disposal are only subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 16 December 2009 (after trading hours of the Stock Exchange), the Company and CLFG, a controlling shareholder of the Company, entered into (i) the Longhao Glass Share Transfer Agreement, pursuant to which CLFG agreed to dispose of and the Company agreed to acquire 20% equity interests in Longhao Glass at a cash consideration of RMB7,300,356.93 (equivalent to approximately HK\$8,279,335); (ii) the Longhai Glass Share Transfer Agreement, pursuant to which CLFG agreed to dispose of and the Company agreed to acquire 20% equity interests in Longhai Glass at a cash consideration of RMB941,425.28 (equivalent to approximately HK\$1,067,670) and (iii) the Longfei Glass Share Transfer Agreement, pursuant to which CLFG agreed to dispose of and the Company agreed to acquire 10% equity interests in Longfei Glass at nil consideration. On the same day, the Company entered into the Luoyang Processed Glass Share Transfer Agreement with CLFG, pursuant to which the Company agreed to dispose of and CLFG agreed to acquire 49.09% equity interests in Luoyang Processed Glass at RMB1.00 consideration.

## THE ACQUISITIONS

### (A) The Longhao Glass Share Transfer Agreement

(1) **Date:** 16 December 2009

(2) **Parties:**

Vendor: CLFG

Acquirer: the Company

(3) **Interests to be acquired:**

Pursuant to the Longhao Glass Share Transfer Agreement, the Company has agreed to acquire and CLFG has agreed to dispose of 20% equity interests in Longhao Glass together with all rights, interests and obligations attaching to them.

**(4) Consideration:**

The consideration for the acquisition of 20% equity interests in Longhao Glass will be settled by way of cash of RMB7,300,356.93 (or equivalent to approximately HK\$8,279,335). The consideration has been determined after arm's length negotiations between the Company and CLFG after taking into account the valuation of the net assets value of Longhao Glass of approximately RMB36.50 million as at 30 September 2009 prepared by Henan Yatai and the audited financial statements of Longhao Glass as at 30 September 2009. Based on the valuation, 20% equity interests in Longhao Glass are equivalent to approximately RMB7,300,360. The valuation of Longhao Glass was conducted by Henan Yatai, using the asset-based approach. The consideration, which will be satisfied by way of the internal resources of the Company, will be payable by the Company after the satisfaction of the conditions of the Longhao Glass Share Transfer Agreement before 31 December 2009. The consideration for the acquisition of 20% equity interests in Longhao Glass is more or less equivalent to the valuation attributable to 20% equity interests in Longhao Glass as at 30 September 2009.

According to the valuation report of Longhao Glass conducted by Henan Yatai, the major current assets of Longhao Glass contain cash, accounts receivable, pre-payment and inventory and the total assets and total liabilities were valued at approximately RMB271.46 million and approximately RMB234.96 million respectively. As advised by Henan Yatai, the increase of the valuation amount is due to the surge of the price of tin and the increased replacement costs of the fixed assets.

**(5) Other principal terms:**

The Company will, subject to completion of the Longhao Glass Share Transfer Agreement, assume the unaudited profits generated or losses incurred by Longhao Glass during the period from 30 September 2009 to the completion of the equity transfer of Longhao Glass under the Longhao Glass Share Transfer Agreement.

**(6) Conditions:**

Completion of the Longhao Glass Share Transfer Agreement is conditional upon the following conditions having been fulfilled:

- (i) both the Company and CLFG obtaining the approvals in accordance with their respective articles of association;
- (ii) the Board resolving to approve the acquisition of Longhao Glass under the Longhao Glass Share Transfer Agreement; and
- (iii) the passing of the shareholders' approval by Longhao Glass to approve the share transfer of Longhao Glass under the Longhao Glass Share Transfer Agreement.

As at the date of this announcement, condition (ii) of the Longhao Glass Share Transfer Agreement has been fulfilled.

**(7) Completion:**

Completion shall take place after settlement of the consideration for the equity transfer under the Longhao Glass Share Transfer Agreement and completion of the procedures for the transfer and registration of the relevant shares in Longhao Glass.

**(B) The Longhai Glass Share Transfer Agreement**

**(1) Date:** 16 December 2009

**(2) Parties:**

Vendor: CLFG

Acquirer: the Company

**(3) Interests to be acquired:**

Pursuant to the Longhai Glass Share Transfer Agreement, the Company has agreed to acquire and CLFG has agreed to dispose of 20% of the equity interests in Longhai Glass together with all rights, interests and obligations attaching to them.

**(4) Consideration:**

The consideration for the acquisition of 20% equity interests in Longhai Glass will be settled by way of cash of RMB941,425.28 (or equivalent to approximately HK\$1,067,670). The consideration has been determined after arm's length negotiations between the Company and CLFG after taking into account the valuation of the net assets value of Longhai Glass of approximately RMB4.71 million as at 30 September 2009 prepared by Henan Yatai and the audited financial statements of Longhai Glass as at 30 September 2009. Based on the valuation of Longhai Glass, 20% equity interests in Longhai Glass are equivalent to approximately RMB941,425.28. The valuation was conducted by Henan Yatai, using the asset-based approach. The consideration, which will be satisfied by way of the internal resources of the Company, will be payable by the Company after the satisfaction of the conditions of the Longhai Glass Share Transfer Agreement before 31 December 2009. The consideration for the acquisition of 20% equity interests in Longhai Glass is more or less equivalent to the valuation attributable to 20% equity interests in Longhai Glass as at 30 September 2009.

According to the valuation report of Longhai Glass conducted by Henan Yatai, the major current assets of Longhai Glass contain cash, other accounts receivable and inventory, and the total assets and total liabilities were valued at approximately RMB273.45 million and approximately RMB268.75 million. As advised by Henan Yatai, the increase of the valuation amount is due to the increased replacement costs of the raw materials, finished goods and fixed assets.

**(5) Other principal terms:**

The Company will, subject to completion of the Longhai Glass Share Transfer Agreement, assume the unaudited profits generated or losses incurred by Longhai Glass during the period from 30 September 2009 to the completion of the equity transfer of Longhai Glass under the Longhai Glass Share Transfer Agreement.

**(6) Conditions:**

Completion of the Longhai Glass Share Transfer Agreement is conditional upon the following conditions having been fulfilled:

- (i) both the Company and CLFG obtaining the approvals in accordance with their respective articles of association;
- (ii) the Board resolving to approve the acquisition of Longhai Glass under the Longhai Glass Share Transfer Agreement; and
- (iii) the passing of the shareholders' approval by Longhai Glass to approve the share transfer of Longhai Glass under the Longhai Glass Share Transfer Agreement.

As at the date of this announcement, condition (ii) of the Longhai Glass Share Transfer Agreement has been fulfilled.

**(7) Completion:**

Completion shall take place after settlement of the consideration for the equity transfer under the Longhai Glass Share Transfer Agreement and completion of the procedures for the transfer and registration of the relevant shares in Longhai Glass.

**(C) The Longfei Glass Share Transfer Agreement**

**(1) Date:** 16 December 2009

**(2) Parties:**

Vendor: CLFG

Acquirer: the Company

**(3) Interests to be acquired:**

Pursuant to the Longfei Glass Share Transfer Agreement, the Company has agreed to acquire and CLFG has agreed to dispose of 10% of the equity interests in Longfei Glass together with all rights, interests and obligations attaching to them. After completion of the Longfei Glass Share Transfer Agreement, the shares of Longfei Glass will be held as to 64% and 36% by the Company and 河南省澗池浮法玻璃廠 (Henan Mianchi Float Glass Plant\*) (“Mianchi”) respectively.

Mianchi, by virtue of its 36% shareholding interests in Longfei Glass, is a substantial shareholder (as defined under the Listing Rules) of Longfei Glass and therefore a connected person of the Company.

**(4) Consideration:**

The consideration for the equity transfer under the Longfei Glass Share Transfer Agreement is nil and has been determined after arm’s length negotiations between the Company and CLFG after taking into account the valuation of the net liabilities of Longfei Glass of approximately RMB18.78 million as at 30 September 2009 prepared by Henan Yatai and the audited financial statements of Longfei Glass as at 30 September 2009. The valuation was conducted by Henan Yatai, using the asset-based approach.

According to the valuation report of Longfei Glass conducted by Henan Yatai, the major current assets of Longfei Glass contain cash, accounts receivable, pre-payment and inventory. The total assets and total liabilities were valued at approximately RMB114.72 million and approximately RMB133.50 million respectively. As advised by Henan Yatai, the decrease of the valuation amount of Longfei Glass is due to the suspension of its production lines since August 2008 and the drop of the fair value of the subsidiary of Longfei Glass. However, the Company plans to resume the operation of the production line in the near future.

**(5) Other principal terms:**

The Company will, subject to completion of the Longfei Glass Share Transfer Agreement, assume the unaudited profits generated or losses incurred by Longfei Glass during the period from 30 September 2009 to the completion of the equity transfer of Longfei Glass under the Longfei Glass Share Transfer Agreement.



**(6) Conditions:**

Completion of the Longfei Glass Share Transfer Agreement is conditional upon the following conditions having been fulfilled:

- (i) both the Company and CLFG obtaining the approvals in accordance with their respective articles of association;
- (ii) the Board resolving to approve the acquisition of Longfei Glass under the Longfei Glass Share Transfer Agreement;
- (iii) CLFG obtaining the approval from the board of Mianchi of the share transfer of Longfei Glass to the Company; and
- (iv) the passing of the shareholders' approval by Longfei Glass to approve the share transfer of Longfei Glass under the Longfei Glass Share Transfer Agreement.

As at the date of this announcement, condition (ii) of the Longfei Glass Share Transfer Agreement has been fulfilled.

**(7) Completion:**

Completion shall take place after settlement of the consideration for the equity transfer under the Longfei Glass Share Transfer Agreement and completion of the procedures for the transfer and registration of the relevant shares in Longfei Glass.

## **INFORMATION RELATING TO LONGHAO GLASS, LONGHAI GLASS AND LONGFEI GLASS**

Longhao Glass is principally engaged in the manufacturing and sales of 3 mm to 15 mm size of float sheet glass. According to the audited financial statements of Longhao Glass in accordance with the PRC Accounting Standards for Business Enterprises under the PRC Accounting Law, the total assets and total liabilities of Longhao Glass as at 30 September 2009 were approximately RMB266.98 million and RMB234.96 million respectively while the revenue for the year ended 31 December 2008 was approximately RMB347.85 million. For the year ended 31 December 2007, the audited net profits before and after tax of Longhao Glass were approximately RMB36.96 million and RMB34.31 million respectively. For the year ended 31 December 2008, the audited net losses before and after tax of Longhao Glass were approximately RMB20.58 million and RMB17.93 million respectively. The audited net losses before and after tax of Longhao Glass for the nine months ended 30 September 2009 were RMB5.21 million. The total amount of capital invested in Longhao Glass by CLFG was RMB10 million.

Longhai Glass and its subsidiaries are principally engaged in the manufacturing and sales of 3 mm to 0.55 mm size of slim and ultra-slim float sheet glass and electronic glass. According to the audited consolidated financial statements of Longhai Glass in accordance with the PRC Accounting Standards for Business Enterprises under the PRC Accounting Law, the total assets and total liabilities of Longhai Glass as at 30 September 2009 were approximately RMB260.50 million and RMB269.0 million respectively while the consolidated revenue for the year ended 31 December 2008 was approximately RMB137.55 million. For the year ended 31 December 2007, the audited consolidated net profits before and after tax of Longhai Glass were approximately RMB15.89 million. For the year ended 31 December 2008, the audited consolidated net losses before and after tax of Longhai Glass were approximately RMB17.17 million. The audited consolidated net losses before and after tax of Longhai Glass for the nine months ended 30 September 2009 were RMB28.61 million. The total amount of capital invested in Longhai Glass by CLFG was RMB12 million.

Longfei Glass and its subsidiaries are principally engaged in the manufacturing and sales of 3 mm to 15 mm size of float sheet glass. According to the audited consolidated financial statements of Longfei Glass in accordance with the PRC Accounting Standards for Business Enterprises under the PRC Accounting Law, the total assets and total liabilities of Longfei Glass as at 30 September 2009 were approximately RMB222.27 million and RMB221.47 million respectively while the consolidated revenue for the year ended 31 December 2008 was approximately RMB256.25 million. For the year ended 31 December 2007, the audited net losses before and after tax of Longfei Glass were approximately RMB2.24 million. For the year ended 31 December 2008, the audited consolidated net losses before and after tax of Longfei Glass were approximately RMB64.50 million. The audited consolidated net losses before and after tax of Longfei Glass for the nine months ended 30 September 2009 were RMB14.18 million. The total amount of capital invested in Longfei Glass by CLFG was RMB7.4 million. *(Note: Longfei Glass acquired the 60% equity interests of 洛玻集團龍翔玻璃有限公司 (CLFG Luoyang Longxiang Glass Company Limited\*) (“Longxiang Glass”) in 2008 from 洛玻集團龍飛玻璃有限公司工會委員會 (CLFG Longfei Glass Company Limited Labor Union\*) and independent third party suppliers of Longfei Glass, thus the financial results of Longxiang Glass were consolidated into the financial statements of Longfei Glass since then.)*

## REASONS FOR THE ACQUISITIONS

Immediately before the Acquisitions, the Group owned 80% equity interests in Longhao Glass, 80% equity interests in Longhai Glass and 54% equity interests in Longfei Glass. Upon completion of the Acquisitions, Longhao Glass and Longhai Glass will become the wholly-owned subsidiaries of the Company whilst Longfei Glass will become a 64%-owned subsidiary of the Company.

The Acquisitions are in line with one of the Group’s marketing strategies to position the white glass products as cost leader in the market and increase the market share of ultra thin glass product in Henan, the PRC, and to avoid competition between the Company and CLFG. In view of the fact that the PRC government has implemented a series of measures to boost domestic consumption and promote corporate restructuring, the Directors consider that the recent PRC government’s measures can play a vital role in the recovery of glass product industry. The Directors also consider that the Acquisitions would be beneficial to the future development of the float sheet glass products in the PRC and would help to reduce the compliance and administrative costs for the numerous continuing connected transactions between CLFG and the Company. Although Longhao Glass, Longhai Glass and Longfei Glass have incurred losses for the year ended 31 December 2008, the Directors are of the view that the Acquisitions can provide an opportunity to leverage its experience and expertise in the glass industry and enhance its leading position in terms of production technology.

The financial performance of flat sheet glass industry was seriously affected by worldwide economic tsunami. Due to the fact that the demand of the float sheet glass dropped resulting from the problems of over-production and the need for upgrading of the production lines, the production line of Longfei Glass was suspended in August 2008. Longfei Glass has one of the main production lines of the Company, manufacturing float sheet glass for construction and automobile uses. The Company has extensive experience, knowledge, technology and market in Longfei Glass' business. As a result of the collective effort by the PRC government offering economic stimulus packages and the ease in monetary policy, the price and demand of float sheet glass has risen gradually in March 2009. Since then, the Company decides to search for funding to commence the maintenance and resume the production line of Longfei Glass. Despite that Longfei Glass recorded net liabilities as at 30 September 2009, the Company plans to start the maintenance in early 2010 and believes that Longfei Glass' financial position could be improved after resumption of the production which has been suspended since 2008.

Upon completion of the Acquisitions, the financial results and assets and liabilities of Longhao Glass and Longhai Glass will be fully consolidated into the financial statements of the Group whilst the financial results of Longfei Glass with minority interests will continue to be consolidated into the financial statements of the Group.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of each of the Acquisition Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the entering into of each of the Acquisition Agreements is in the interests of the Company and the Shareholders as a whole.

## **THE DISPOSAL**

### **The Luoyang Processed Glass Share Transfer Agreement**

**Date:** 16 December 2009

#### **(1) Parties:**

**Vendor:** The Company

**Acquirer:** CLFG

#### **(2) Interests to be disposed of:**

Pursuant to the Luoyang Processed Glass Share Transfer Agreement, the Company has agreed to dispose of and CLFG has agreed to acquire 49.09% of the equity interests in Luoyang Processed Glass together with all rights, interests and obligations attaching to them.

#### **(3) Consideration:**

The consideration for the equity transfer under the Luoyang Processed Glass Share Transfer Agreement is RMB1.00 and has been determined after arm's length negotiations between the Company and CLFG after taking into account the valuation of the net liabilities of Luoyang Processed Glass of approximately RMB114.74 million prepared by Beijing Zhong Ke Hua as at 30 September 2009 and the audited financial statements of Luoyang Processed Glass as at 30 September 2009. The valuation was conducted by Beijing Zhong Ke Hua, using the cost approach.

#### **(4) Other principal terms:**

CLFG will, subject to completion of the Luoyang Processed Glass Share Transfer Agreement, assume the unaudited profits generated or losses incurred by Luoyang Processed Glass during the period from 30 September 2009 to the completion of the equity transfer of Luoyang Processed Glass under the Luoyang Processed Glass Share Transfer Agreement.

**(5) Conditions:**

Completion of the Luoyang Processed Glass Share Transfer Agreement is conditional upon the following conditions having been fulfilled:

- (i) both the Company and CLFG obtaining the approvals in accordance with their respective articles of association;
- (ii) the Board resolving to approve the disposal of Luoyang Processed Glass under the Luoyang Processed Glass Share Transfer Agreement; and
- (iii) the passing of the shareholders' approval by Luoyang Processed Glass to approve the share transfer of Luoyang Processed Glass under the Luoyang Processed Glass Share Transfer Agreement.

As at the date of this announcement, condition (ii) of the Luoyang Processed Glass Share Transfer Agreement has been fulfilled.

**(6) Completion:**

Completion shall take place after settlement of the consideration for the equity transfer under the Luoyang Processed Glass Share Transfer Agreement and completion of the procedures for the transfer and registration of the relevant shares in Luoyang Processed Glass.

## **INFORMATION RELATING TO LUOYANG PROCESSED GLASS**

Luoyang Processed Glass, an associate of the Company, is principally engaged in the manufacturing and sales of float sheet glass, production, sales and marketing of machines and equipments for float sheet glass, related technology transfers and consulting services (not including intermediary services), export of the Company's own products and import of machines, equipments, parts and raw materials, except goods and technology prohibited by the PRC government. Their main products are automotive safety glass, architectural safety glass, and household appliance and decorative glass.

According to the audited consolidated financial statements of Luoyang Processed Glass prepared in accordance with the PRC Accounting Standards for Business Enterprises under the PRC Accounting Law, the total assets and total liabilities of Luoyang Processed Glass as at 30 September 2009 were approximately RMB438.0 million and RMB499.55 million respectively while the consolidated revenue for the year ended 31 December 2008 was approximately RMB201.01 million. For the year ended 31 December 2007, the audited consolidated net losses before and after tax of Luoyang Processed Glass were approximately RMB31.51 million and RMB32.23 million respectively. For the year ended 31 December 2008, the audited consolidated net losses before and after tax of Luoyang Processed Glass were approximately RMB39.97 million and RMB38.86 million respectively. The audited consolidated net losses before and after tax of Luoyang Processed Glass for the nine months ended 30 September 2009 were approximately RMB15.01 million and RMB15.08 million respectively.

## **REASONS FOR THE DISPOSAL**

Immediately before completion of the Disposal, the Group owned 49.09% equity interests in Luoyang Processed Glass. Upon completion of the Disposal, the Group will cease holding any interest in Luoyang Processed Glass, and Luoyang Processed Glass will cease to be a member of the Group. It is estimated that the Group will not record any gain or loss upon completion of the Disposal as the Group had written off its investments in Luoyang Processed Glass over the past few years.

Since Luoyang Processed Glass incurred losses continuously, resulting in a net book liabilities position as at 30 September 2009, the Company has written off its investment in Luoyang Processed Glass in the financial statements of the Group. In order to streamline the organizational structure and enhance the management efficiency of the Group, the Directors are of the view that the Disposal can improve the overall business and financial performance of the Group and allow the Group to allocate resources more efficiently. In addition, the Directors consider that the Disposal would help to reduce the Group's commitment in capital contribution to Luoyang Processed Glass and hence relieve the capital funding to its business operations. The Company's expertise is in manufacturing while Luoyang Processed Glass is principally engaged in processing unfinished automobile glass through solidification. Luoyang Processed Glass is the only production line the Company has in the business of processing glass. The Company believes that it has no competitive advantage, the competition is fierce, and they have no market leadership position in the processing glass industry. In the meantime, the business is incurring losses continuously. As a result, the Directors believe that the Disposal of the non-core business could free up some of their resources and focus back on their main production lines. The Directors (including the independent non-executive Directors) consider that the entering into of the Luoyang Processed Glass Share Transfer Agreement is in the interests of the Company and the Shareholders as a whole and the terms and conditions of the Luoyang Processed Glass Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned.



## **INFORMATION RELATING TO THE COMPANY**

The Company is a joint stock limited company incorporated in the PRC with limited liability and is the place of origin for one of the three greatest float glass production methods — “Luoyang Float Glass”. It is one of the largest manufacturers and distributors of float glass in the glass industry in the PRC. The Company is principally engaged in the production and sales of float flat glass and reprocessed automatic glass.

## **INFORMATION RELATING TO CLFG**

CLFG, the Company’s controlling shareholder, is principally engaged in the production of glass, related raw materials and equipment, import, export and domestic sales of glass, processing technology, design and subcontracting of engineering works, labour export, provision of industrial production material (excluding those under control of the State), technological services, consultation services and goods transportation. As at the date of this announcement, CLFG holds 35.8% equity interests in the Company and as such, is a connected person of the Company.

## **GENERAL**

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Acquisitions and the Disposal are more than 5% but less than 25%, the Acquisitions and the Disposal on an aggregate basis constitute discloseable transactions for the purposes of, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Furthermore, the Acquisitions and the Disposal also constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and the Acquisitions have been aggregated for the purpose of Rule 14A.26 of the Listing Rules. As each of the applicable percentage ratios after aggregation (other than the profits ratio) are more than 2.5% but less than 25% and the aggregate consideration is less than HK\$10,000,000, the Acquisitions and the Disposal are only subject to the reporting and announcement requirements and are exempted from the independent shareholders’ approval requirements under Rule 14A.32 of the Listing Rules.

## DEFINITIONS

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

“Acquisitions”	the acquisitions of 20% of the issued share capital of Longhao Glass, 20% of the issued share capital of Longhai Glass and 10% of the issued share capital of Longfei Glass by the Company from CLFG pursuant to the Longhao Glass Share Transfer Agreement, Longhai Glass Share Transfer Agreement and Longfei Glass Share Transfer Agreement respectively
“associate”	has the same meaning as ascribed to the Listing Rules
“Beijing Zhong Ke Hua”	北京中科華資產評估有限公司 (Beijing Zhong Ke Hua Assets Valuation Limited*), an independent professional valuer in the PRC
“Board”	the board of directors of the Company
“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 controlling shareholder of the Company holding 35.8% equity interests 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 of which are listed on the main board of the Stock Exchange (stock code: 1108)
“connected persons”	has the same meaning as ascribed to the Listing Rules
“Directors”	the directors of the Company, including the independent non-executive directors

“Disposal”	the disposal of 49.09% of the issued share capital of Luoyang Processed Glass by the Company to CLFG pursuant to the Luoyang Processed Glass Share Transfer Agreement dated 16 December 2009
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Henan Yatai”	河南亞太資產評估有限公司 (Henan Yatai Assets Valuation Company Limited*), an independent professional valuer in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longfei Glass”	洛玻集團龍飛玻璃有限公司 (CLFG Longfei Glass Company Limited*), a company incorporated in the PRC with limited liability, which is owned as to 54% by the Company, 10% by CLFG and 36% by 河南省澗池浮法玻璃廠 (Henan Mianchi Float Glass Plant*)
“Longfei Glass Share Transfer Agreement”	the share transfer agreement dated 16 December 2009 entered into between the Company and CLFG in respect of the acquisition of 10% equity interests of Longfei Glass
“Longhai Glass”	洛玻集團洛陽龍海電子玻璃有限公司 (CLFG Luoyang Longhai Electronic Glass Company Limited*), a company incorporated in the PRC with limited liability, which is owned as to 80% by the Company and 20% by CLFG
“Longhai Glass Share Transfer Agreement”	the share transfer agreement dated 16 December 2009 entered into between the Company and CLFG in respect of the acquisition of 20% equity interests of Longhai Glass

“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, which is owned as to 80% by the Company and 20% by CLFG
“Longhao Glass Share Transfer Agreement”	the share transfer agreement dated 16 December 2009 entered into between the Company and CLFG in respect of the acquisition of 20% equity interests of Longhao Glass
“Luoyang Processed Glass”	洛玻集團洛陽加工玻璃有限公司 (CLFG Luoyang Processed Glass Company Limited*), a company incorporated in the PRC with limited liability, which is owned as to 49.09% by the Company and 50.91% by CLFG
“Luoyang Processed Glass Share Transfer Agreement”	the share transfer agreement dated 16 December 2009 entered into between the Company and CLFG in respect of the disposal of 49.09% equity interests of Luoyang Processed Glass
“percentage ratios”	has the same meaning as ascribed to the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of RMB1.00 each of the Company

“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning given to it in the Listing Rules
“%”	per cent.

\* *Denotes English translation of the name of a Chinese company or entity and is provided for identification purposes only.*

By order of the Board of  
**LUOYANG GLASS COMPANY LIMITED**  
**Song Fei**  
*Executive Director*

Luoyang, the PRC  
16 December 2009

*As at the date of this announcement, the Board comprises four executive Directors: Mr. Song Jianming, Ms. Song Fei, Mr. Ni Zhisen and Mr. Cheng Zonghui; three non-executive Directors: Mr. Shen Anqin, Mr. Bao Wenchun and Mr. Guo Yimin; and four independent non-executive Directors: Mr. Zhang Zhanying, Mr. Guo Aimin, Mr. Huang Ping and Mr. Dong Jiachun.*