

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)

## **ANNOUNCEMENT ON PROFIT GUARANTEE**

References are made to the announcements of the Company dated 31 December 2014 and 22 December 2015, and the circular of the Company dated 10 August 2015, in relation to, among other things, the significant asset restructuring of the Company. Reference is also made to the overseas regulatory announcement of the Company dated 6 April 2017 in relation to, among other things, the Profit Guarantee.

On 10 June 2015, the Company and CLFG entered into the Formal Agreement, pursuant to which CLFG conditionally agreed to transfer its then 100% equity interest in Bengbu Company to the Company for a consideration of RMB674,909,180. On 14 December 2015, the 100% equity interest in Bengbu Company was transferred to the Company with registration formalities of relevant changes duly completed, and Bengbu Company became a wholly-owned subsidiary of the Company.

### **PROFIT GUARANTEE**

On 2 November 2015, CLFG signed a letter of undertaking to the Company, pursuant to which it undertook if the audited net profit of Bengbu Company attributable to the owners of the parent company after deduction of non-recurring gain and loss for each of the three financial years from 2015 to 2017 fell short of the expected net profit for the corresponding year as set out in the Asset Valuation Report, CLFG would make compensation to the Company in the manner set out below.

On 31 October 2015, China United Assets Appraisal Group Co., Ltd.\* (中聯資產評估集團有限公司) issued the Asset Valuation Report, which set out the expected net profit of Bengbu Company as follows:

*Unit: 0'000 Currency: RMB*

<b>Item</b>	2015	2016	2017
Net profit	<u>3,084.47</u>	<u>5,895.44</u>	<u>6,968.00</u>

### **Determination of Profit Shortfall**

When publishing its annual report for each of the three financial years from 2015 to 2017, the Company would appoint an audit firm with qualifications for engagement in business of securities and futures to issue a special audit opinion on the difference between the net profit realized by Bengbu Company and the expected net profit for the corresponding year as set out in the Asset Valuation Report.

### **Determination of Compensation Amount**

- (1) During the Profit Guarantee period, the compensation amount which the Company may receive for each year is calculated according to the following formula:

Compensation amount for the current year = expected net profit for the current year – actual net profit for the current year

- (2) When the calculation result of the compensation amount for the current year is negative, it shall be taken as zero.

### **Method for Compensation**

- (1) In the event that the actual net profit of Bengbu Company for any year during the Profit Guarantee period falls short of the expected net profit for that year, CLFG shall pay the compensation amount to the Company in cash for that year within six months from the date of issuance of the auditor's report for that year by the audit firm with qualifications for engagement in business of securities and futures appointed by the Company. In the event that CLFG fails to pay the compensation amount in full for that year within such six months, CLFG shall continue to fulfill its obligation for compensation and pay late payment interest calculated on a daily basis until the date when compensation amount is fully paid. The daily interest rate shall be 0.05% of unpaid compensation amount.
- (2) After full payment by CLFG of the compensation amount for that year, if the actual net profit for the periods subsequent to the Profit Guarantee period exceeds the expected net profit, the Company needs not to refund the compensation paid by CLFG.



“Asset Valuation Report”	the asset valuation report dated 31 October 2015 issued by China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), which set out the expected net profit of Bengbu Company for each of the three financial years from 2015 to 2017;
“Bengbu Company”	Bengbu China Building Information Display Materials Co. Ltd.* (蚌埠中建材信息顯示材料有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Board”	the board of directors of the Company;
“CLFG”	China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), a substantial Shareholder of the Company holding approximately 19.94% of the issued shares 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;
“Directors”	the directors of the Company, including the independent non-executive directors;
“Formal Agreement”	the formal agreement dated 10 June 2015 entered into between CLFG and the Company in relation to, among other things, the Acquisition;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Profit Guarantee”	the profit guarantee provided by CLFG to the Company in relation to the actual net profit of Bengbu Company for the financial years of 2015, 2016 and 2017;

“RMB” Renminbi, the lawful currency of the PRC;  
“Shareholder(s)” the shareholder(s) of the Company; and  
“Stock Exchange” The Stock Exchange of Hong Kong Limited.

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

Luoyang, the PRC  
18 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*