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 – SHARE BUY-BACKS

SHARE BUY-BACKS

Pursuant to the Profit Guarantee Indemnity Agreements entered into between the Company and each of (i) CLFG and Hefei High-Tech, (ii) Huaguang Group, Bengbu Institute and International Engineering, and (iii) Triumph Group, Yixing Environmental Technology and GCL System Integration (together with CLFG, Hefei High-Tech, Huaguang Group, Bengbu Institute, International Engineering, Triumph Group and Yixing Environmental Technology referred to as the "**Guarantors**") on 7 February 2017 (as supplemented by the Supplemental PG Indemnity Agreements), the respective Guarantors agreed to provide the Profit Guarantee to the Company for the net profit attributable to equity holders of the respective Target Companies (i.e. Hefei New Energy, Tongcheng New Energy and Yixing New Energy) after deduction of extraordinary profit or loss during the Profit Guarantee Period. As Hefei New Energy, Tongcheng New Energy and Yixing New Energy failed to fulfill the Profit Guarantee Amount for the year 2018, the respective Guarantors shall compensate the Company with their shares in the Company ("**Shares**") according to the Profit Guarantee Indemnity Agreements (the "**Share Buy-backs**").

IMPLICATIONS UNDER THE SHARE BUY-BACK CODE AND LISTING RULES

As disclosed in the Circular, the repurchase mechanism under the Profit Guarantee Indemnity Agreements falls within the definition of "exempt share buy-back" under the Share Buy-backs Code and shall not constitute an off-market share buy-back given that the Share Repurchase by the Company will be conducted in accordance with the terms of the Profit Guarantee Indemnity Agreements, such that prior consent from the respective owners of the Shares for such repurchase by the Company will not be required.

As at the date of this announcement, CLFG, the substantial Shareholder of the Company, was interested in 115,115,830 A Shares, representing approximately 20.56% of the total issued share capital of the Company, and Bengbu Institute was interested in 71,365,976 A Shares, representing approximately 12.75% of the total issued share capital of the Company. Bengbu Institute directly holds 19% equity interest in CLFG and Bengbu Institute is an indirect wholly-owned subsidiary of CNBMG, a wholly state-owned enterprise incorporated in the PRC, which through its another wholly-owned subsidiary, indirectly holds approximately 53.64% interest in CLFG. Therefore, CNBMG is the ultimate controlling Shareholder of the Company and deemed to be interested in 186,481,806 A Shares held by CLFG and Bengbu Institute by virtue of the SFO, representing approximately 33.31% of the total issued share capital of the Company. As at the date of this announcement, Bengbu Institute is the substantial Shareholder of the Company and an indirect subsidiary of CNBMG and each of CLFG, Huaguang Group and Triumph Group is either a direct or indirect subsidiary of CNBMG and International Engineering is an associate of CNBMG. Therefore, each of CLFG, Huaguang Group, Bengbu Institute, Triumph Group and International Engineering is regarded as a connected person of the Company.

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) under the Share Buy-backs are more than 0.1% but less than 5%, the Share Buy-backs are subject to the reporting and announcement requirements, but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. However, in accordance with the articles of association of the Company and as disclosed in the Circular, the Company is required to convene a general meeting and class meetings (the "**Class Meetings**") for the Independent Shareholders to consider and approve the Share Buy-backs. The Share Buy-backs shall only be approved by two thirds or more of votes casted by the Independent Shareholders attending the general meeting and the Class Meetings by way of poll, and shall take place as soon as possible upon approval by the Independent Shareholders. A circular containing, among other things, further information on the Share Buy-backs and the notices of the general meeting and the Class Meetings will be despatched to Shareholders in due course.

CNBMG and parties acting in concert with it and Shareholders who are interested in or involved in the Share Buy-backs will abstain from voting on the relevant resolutions on the Share Buy-backs at the general meeting and the Class Meetings. Save for CNBMG and parties acting in concert with it, Hefei High-Tech, Yixing Environmental Technology and GCL System Integration, there is no other Shareholder who is interested or involved in the Share Buy-backs.

References are made to (i) the circular of the Company dated 11 October 2017 in relation to, among other things, (a) very substantial acquisitions and connected transactions; (b) proposed issuance and placing of A shares; and (c) application for whitewash waiver (the "**Circular**"); (ii) the announcement of the Company dated 29 March 2019 in relation to the level of fulfillment of the performance commitment for 2018 under the significant assets restructuring, and (iii) the overseas regulatory announcement of the Company dated 29 April 2019 in relation to, among other things, the compensation scheme for unfulfilled performance commitment. Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Circular.

SHARE BUY-BACKS

Pursuant to the Profit Guarantee Indemnity Agreements entered into between the Company and each of (i) CLFG and Hefei High-Tech, (ii) Huaguang Group, Bengbu Institute and International Engineering, and (iii) Triumph Group, Yixing Environmental Technology and GCL System Integration on 7 February 2017 (as supplemented by the Supplemental PG Indemnity Agreements), the respective Guarantors agreed to provide the Profit Guarantee to the Company for the net profit attributable to equity holders of the respective Target Companies (i.e. Hefei New Energy, Tongcheng New Energy and Yixing New Energy) after deduction of extraordinary profit or loss during the Profit Guarantee Period.

Under the Profit Guarantee Indemnity Agreements, the respective Guarantors shall compensate the Company as Hefei New Energy, Tongcheng New Energy and Yixing New Energy failed to fulfill the Profit Guarantee Amount for the year 2018. According to the Profit Guarantee Indemnity Agreements, the respective Guarantors shall first indemnify the Company with the respective Shares obtained by them through the significant assets restructuring, while the Company will repurchase such Shares at the total consideration of RMB1.00. If the Shares held by the respective Guarantors through the significant assets restructuring are insufficient to make up the compensation amount for the current period, the deficiency shall be compensated by the respective Guarantors with their own or self-raised cash.

The formula for calculating the compensation amount for the current period is as follows:

The compensation amount for the current period	=	(the accumulated Profit Guarantee Amount as at the end of the current period of the respective Target Companies – the accumulated Actual Net Profit of the respective Target Companies as at the end of the current period) ÷ the sum of the Profit Guarantee Amount for the respective Target Companies during the Profit Guarantee Period × the acquisition consideration for the respective Target Companies – the accumulated compensated amount
Number of the compensation shares for the current period	=	Compensation amount for the current period ÷ the issue price of the Consideration Shares

During the Profit Guarantee Period, in the event of capitalization issue by conversion or bonus issue by the Company, the number of compensation shares shall be adjusted correspondingly based on the following formula:

Number of the compensation shares (adjusted) for the current period	=	Number of the compensation shares for the current period (before adjustment) × (1 + proportion of capitalization issue by conversion or bonus issue)

In addition, the cash dividend distributed by the Company during the Profit Guarantee Period (if any) shall be correspondingly refunded based on the following formula:

Amount to be refunded	=	Allocated cash dividend per Share (after tax) as at the date of compensation × number of compensation shares for the current period

According to the aforementioned formula of profit compensation, the specific number of Shares to be compensated by the respective Guarantors for the Profit Guarantee in respect of the year 2018 is set out in the following table:

Target Companies	**Name of Guarantors**	**Compensation Amount** *(RMB)*	**Number of Compensation Shares** *(Shares)*
Hefei New Energy	CLFG	58,646,392	2,500,912
	Hefei High-Tech	17,593,915	750,274
	Sub-total	76,240,307	3,251,186
Tongcheng New Energy	Huaguang Group	36,184,629	1,543,055
	Bengbu Institute	13,424,085	572,456
	International Engineering	4,020,514	171,450
	Sub-total	53,629,228	2,286,961
Yixing New Energy	Triumph Group	31,382,940	1,338,292
	Yixing Environmental Technology	7,845,732	334,573
	GCL System Integration	4,452,454	189,870
	Sub-total	43,681,126	1,862,735
Total		173,550,661	7,400,882

Therefore, the respective Guarantors shall make performance compensation to the of the Company with the respective Shares held by them through the significant assets restructuring under the Profit Guarantee Indemnity Agreements. As calculated, the total number of Shares to be compensated by the Guarantors is 7,400,882 (the "**Compensation Shares**"). The Company will repurchase the Compensation Shares in cash at the total consideration of RMB3.00 and cancel such Shares subsequently (the "**Share Cancellation**").

COSTS INCURRED BY THE RESPECTIVE GUARANTORS FOR PURCHASING THE COMPENSATION SHARES

As the Company issued Shares to the respective Guarantors at the price of RMB23.45 per Share, the costs incurred by the respective Guarantors for purchasing the Compensation Shares are as follows:

Guarantors	**Costs** *(RMB)* *(approximately)*
CLFG	58,646,386
Hefei High-Tech	17,593,925
Huaguang Group	36,184,640
Bengbu Institute	13,424,093
International Engineering	4,020,503
Triumph Group	31,382,947
Yixing Environmental Technology	7,845,737
GCL System Integration	4,452,452

EFFECT OF THE SHARE BUY-BACKS AND SHARE CANCELLATION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Share Buy-backs and Share Cancellation:

Shareholders	**(i) As at the date of this announcement**		**(ii) Immediately after completion of the Share Buy-backs and Share Cancellation**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
A Shares				
CNBMG and parties acting in concert				
CLFG	115,115,830	20.56	112,614,917	20.37
Bengbu Institute	71,365,976	12.75	70,793,520	12.80
Huaguang Group	6,377,490	1.14	4,834,435	0.87
International Engineering	708,610	0.13	537,159	0.10
Triumph Group	7,508,991	1.34	6,558,919	1.19
Sub-total of CNBMG and parties acting in concert	201,076,897	35.92	195,338,950	35.33
Yixing Environmental Technology	1,877,247	0.34	1,639,729	0.30
GCL System Integration	1,065,338	0.19	930,546	0.17
Hefei High-Tech	3,029,276	0.54	2,279,002	0.41
Other A Shareholders	102,748,633	18.35	102,748,633	18.58
Sub-total of the number of A Shares	309,797,391	55.34	302,936,860	54.79
H Shares				
HKSCC (Nominees) Limited *(Note)*	248,600,699	44.41	248,600,699	44.96
Other Public H Shareholders	1,399,301	0.25	1,399,301	0.25
Sub-total of the number of H Shares	250,000,000	44.66	250,000,000	45.21
Total	559,797,391	100	552,936,860	100

Notes:

(1) To the best knowledge of the Company, HKSCC (Nominees) Limited holds the H Shares as the nominee of public H Shareholders.

(2) As at the date of this announcement, none of the Directors is interested in any Shares.

REASONS FOR AND BENEFITS OF THE SHARE BUY-BACKS

As Hefei New Energy, Tongcheng New Energy and Yixing New Energy failed to achieve the Profit Guarantee Amount, the Company shall make Share Buy-backs according to the Profit Guarantee Indemnity Agreements.

Given the Share Buy-backs are entered into on normal commercial terms and arrived at after arm's length negotiations between the parties thereto, the Board (including independent non-executive Directors) are of the view that the terms of the Share Buy-backs are on normal commercial terms and in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY, CLFG, HEFEI HIGH-TECH, HUAGUANG GROUP, BENGBU INSTITUTE, INTERNATIONAL ENGINEERING, TRIUMPH GROUP, YIXING ENVIRONMENTAL TECHNOLOGY AND GCL SYSTEM INTEGRATION

The principal activities of the Company are production and sales of information display glass and new energy glass. The scope of business includes development, production, manufacture and installation of information display glass, new energy glass, photoelectric material for functional-glass category and its processed products and components, relevant materials, mechanical equipment and its electric appliances and accessories, relevant technical consultancy and technical services, as well as sales and after-sales services of self-produced products.

CLFG, the substantial 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.

Hefei High-Tech, an Independent Third Party, is principally engaged in five major business sectors including construction of infrastructure, sales of real estate, sales of production facilities, leasing business and disposal of assets.

Huaguang Group, an indirect wholly-owned subsidiary of CNBMG, is principally engaged in manufacturing and sales of float glass, ITO conductive film glass and further processed glass products.

Bengbu Institute, the substantial Shareholder of the Company, and an indirect wholly-owned subsidiary of CNBMG, is principally engaged in engineering management and services sector, manufacture of equipment sector, new materials sector and new glass sector (including ITO conductive film glass, TFT-LCD glass and float glass).

International Engineering, an associate of CNBMG, is principally engaged in engineering technology research and service, which mainly includes general contracting business of glass, cement and new energy and engineering project design business.

Triumph Group, a direct wholly-owned subsidiary of CNBMG, is principally engaged in glass sector, new materials sector, new energy sector, new equipment sector and project management sector.

Yixing Environmental Technology, an Independent Third Party, is principally engaged in the business of investment venture.

GCL System Integration, an Independent Third Party, is principally a collective supplier for an integrated photovoltaic electricity station with a “Design + Products + Services” system with research and development in technology, optimization of design, collective system, support to financial services and operation and maintenance services.

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CNBMG and parties acting in concert with it and Shareholders who are interested in or involved in the Share Buy-backs will abstain from voting on the relevant resolutions on the Share Buy-backs at the general meeting and the Class Meetings. Save for CNBMG and parties acting in concert with it, Hefei High-Tech, Yixing Environmental Technology and GCL System Integration, there is no other Shareholder who is interested or involved in the Share Buy-backs.

Mr. Zhang Chong, the chairman of the Board, Mr. Xie Jun, an executive Director, Mr. Chen Yong and Mr. Ren Hongcan, non-executive Directors of the Company, have abstained from voting in respect of the Share Buy-backs at the Board meeting(s) due to the fact that they have connected relationship with the substantial Shareholder(s) or indirect controlling Shareholder(s) of the Company and are therefore not regarded as independent to make any recommendation to the Board.

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

Luoyang, the PRC
29 April 2019

As at the date of this announcement, the Board comprises five executive Directors: Mr. Zhang Chong, Mr. Xie Jun, Mr. Ma Yan, Mr. Wang Guoqiang and Mr. Zhang Rong; two non-executive Directors: Mr. Ren Hongcan and Mr. Chen Yong; and four independent non-executive Directors: Mr. Jin Zhanping, Mr. Ye Shuhua, Mr. He Baofeng and Ms. Zhang Yajuan.

* *For identification purposes only*