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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)

**INSIDE INFORMATION
IN RELATION TO THE CAPITAL INCREASE IN
ZIGONG NEW ENERGY**

Luoyang Glass Company Limited* (the “**Company**”) and all members of the board (the “**Board**”) of directors (the “**Directors**”) of the Company warrant the truthfulness, accuracy and completeness of the contents of this announcement, and accept several and joint responsibilities for any false information, misleading statements or material omissions in this announcement.

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the inside information announcement of the Company dated 18 March 2021 in relation to the entering into of Cooperation Framework Agreement and the Entrusted Operation and Management Agreement.

The Board is pleased to announce that the Company entered into a Capital Increase Agreement with Jinma Investment on 27 August 2021, pursuant to which, the Company contributed RMB300,000,000 to increase the capital of Zigong New Energy. Upon Completion of the Capital Increase, the registered capital of Zigong New Energy will be increased from RMB200,000,000 to RMB500,000,000.

Upon Completion of the Capital Increase, the Company will hold 60% equity interest in Zigong New Energy, Zigong New Energy will become a directly controlled subsidiary of the Company and the financial results of Zigong New Energy will be consolidated into the financial statements of the Group.

CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement in relation to the Capital Increase are as follows:

Date: 27 August 2021

Parties: (1) The Company; and
(2) Jinma Investment;
(collectively, the “**Parties to the Agreement**”)

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Jinma Investment and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Capital Increase

The Parties to the Agreement agreed to increase the registered capital of Zigong New Energy from the existing RMB200,000,000 to RMB500,000,000, with all the newly increased registered capital of RMB300,000,000 being subscribed by the Company at a subscription price of RMB300,000,000 (the “**Subscription Price**”), all of which will be credited to the paid-up capital of Zigong New Energy.

Upon Completion of the Capital Increase, the Company will hold 60% equity interest in Zigong New Energy, and Zigong New Energy will become a directly controlled subsidiary of the Company and the financial results of Zigong New Energy will be consolidated into the financial statements of the Group. The shareholding of Jinma Investment in Zigong New Energy will be changed from 100% to 40%.

Subscription Price and payment method

The Subscription Price is determined by the Parties to the Agreement after arm's length negotiations and on normal commercial terms, with reference to, among other things, the assets valuation reports of Zigong New Energy prepared by Zhongjing Minxin (Beijing) Assets Appraisal Co., Ltd., an independent assets appraiser, which determined the appraised value of the entire interests of the shareholders of Zigong New Energy based on the cost method (asset-based method) as the valuation conclusion, pursuant to which, the appraised value of the entire interests of the shareholders of Zigong New Energy as at 28 February 2021 is approximately RMB200,436,700 (equivalent to approximately HK\$240,524,040).

Based on the appraised value of the entire interests of the shareholders of Zigong New Energy as reflected in the aforesaid appraisal results as the basis for the Subscription Price, the Parties to the Agreement agreed in consensus after negotiation that the Subscription Price for each RMB1 contribution to the new registered capital shall be RMB1.

The Subscription Price is payable in the following method and order:

First installment: The Company shall pay the Subscription Price of RMB150,000,000 to the collection account designated by Zigong New Energy within 15 working days from the date on which all of the following conditions are satisfied:

- (1) the Capital Increase Agreement has become effective;
- (2) as a condition precedent for the Company to complete the Capital Increase, Jinma Investment is responsible for obtaining the approval documents issued by the competent authority which agree that the Capital Increase shall proceed by way of non-public agreement; and
- (3) the industrial and commercial registration for the change in respect of the 60% equity interest of Zigong New Energy under the name of the Company has been completed.

Second installment: Within 15 working days from the date of completion (as determined by the completion agreement), the Company shall pay the remainder of Subscription Price of RMB150,000,000 to the collection account designated by Zigong New Energy.

If the audited net asset value of Zigong New Energy as at the completion benchmark date (i.e. 31 October 2021 or such other date as otherwise determined by the Parties to the Agreement after negotiation) is less than its audited net asset value (excluding the impact of Capital Increase by the Company) as at the Audit and Valuation Benchmark Date (i.e. 28 February 2021), the Parties to the Agreement shall negotiate to resolve the relevant matters at that time without affecting the execution of the agreed Subscription Price of RMB1 for each RMB1 contribution to the new registered capital.

Conditions precedent for the Capital Increase Agreement becoming effective

The Capital Increase Agreement shall become effective on the date when all of the following conditions are satisfied:

- (i) the Capital Increase Agreement has been signed and sealed with official seals by the Parties to the Agreement;
- (ii) the Capital Increase as described in the Capital Increase Agreement has been approved by the competent authority of the Company; and
- (iii) the Capital Increase as described in the Capital Increase Agreement has been approved by the competent authority of Jinma Investment.

Completion

The Parties to the Agreement agree that the completion benchmark date is temporarily set at 31 October 2021 (or such other date as otherwise determined by the Parties to the Agreement after negotiation). From the date of Completion of the Capital Increase, the Company and its authorized persons will be entitled to enjoy the relevant shareholders' rights as the controlling shareholder (or shareholder's representative) of Zigong New Energy and participate in the operation and management activities of Zigong New Energy by nominating directors and senior management to Zigong New Energy.

Treatment of the Profits and Losses

The accumulated undistributed profits, if any, of Zigong New Energy as at the Audit and Valuation Benchmark Date shall be enjoyed by both shareholders in proportion to their respective equity interests after the Capital Increase.

The profits and losses of Zigong New Energy after the Audit and Valuation Benchmark Date shall be borne or enjoyed by both shareholders in proportion to their respective equity interests after the Capital Increase.

Treatment of the Creditor's Rights

The Capital Increase is only a change of shareholders of Zigong New Energy, and Zigong New Energy still retains its legal person status. All creditor's rights such as prepayments and accounts receivable formed in the process of production and operation of Zigong New Energy will continue to be enjoyed by Zigong New Energy after the Capital Increase, and Jinma Investment shall ensure that these creditor's rights are true and valid.

Treatment of Debt and Guarantees

The Capital Increase is only a change of shareholders of Zigong New Energy, and Zigong New Energy still retains its legal person status. Liabilities that have been recorded in the audit report of Zigong New Energy as at the completion benchmark date will continue to be retained in Zigong New Energy and will be repaid by Zigong New Energy after the Capital Increase. However, the contingent liabilities that are not reflected and accrued in the audit report as at the completion benchmark date shall be borne by Jinma Investment.

As for the debts owed by Zigong New Energy to Jinma Investment and its related parties as at the completion benchmark date (if any, the exact amount is subject to the outcome of completion, hereinafter referred to as "**Shareholders' Debts**"), such Shareholders' Debts shall be repaid by Zigong New Energy in accordance with the relevant agreements.

Corporate Governance and Personnel Arrangement

Upon Completion of the Capital Increase, during the period when the Company and Jinma Investment respectively holds 60% and 40% equity interest in Zigong New Energy, Zigong New Energy shall have a board of directors consisting of three directors, two of whom shall be nominated by the Company and one of whom shall be nominated by Jinma Investment, and those directors shall be elected by the shareholders' meeting of Zigong New Energy. The board of directors of Zigong New Energy has a chairman, who shall be a director nominated by the Company and elected by the board of directors. The chairman shall be the legal representative of Zigong New Energy.

INFORMATION ABOUT THE COMPANY AND JINMA INVESTMENT

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 highly-processed products and components, relevant materials, mechanical whole-set 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.

Jinma Investment is a company incorporated in the PRC with limited liability, which is principally engaged in investment and asset management; investment advisory services, real estate development (level 3); biotechnology development and promotion services, wholesale and retail: mechanical and electrical products, metallic materials, hardware and electrical appliances, automobile accessories, flowers, building materials, labor insurance products, office supplies, agricultural by-products, fertilisers, feeds and their additives, wine, beverages, food, oil equipment and accessories, machinery equipment and accessories: oil and machinery technology development; sweeping and cleaning services for the public health environment; landscaping, property management, parking services, warehousing services, loading and unloading, property tenancy. The ultimate holding company of Jinma Investment is Zigong High-tech State-owned Capital Investment and Operation Group Co., Ltd.* (自貢高新國有資本投資運營集團有限公司), which is principally engaged in project investment, management and consultancy; urban construction development and operation, land preparation; assets management and consultancy, and its ultimate beneficial owner is Zigong State-owned Assets Supervision and Administration Commission. As of the date of this announcement, Jinma Investment and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

INFORMATION ABOUT ZIGONG NEW ENERGY

Zigong New Energy is a company incorporated in the PRC with limited liability, which is principally engaged in manufacturing, sales and services of new energy equipment and related products; research and development, production and sales of solar photovoltaic glass and highly-processed glass; consultation services for enterprises relating to the new energy industry. As of the date of this announcement, Zigong New Energy is 100% owned by Jinma Investment. Upon Completion of the Capital Increase, the Company will hold 60% equity interest in Zigong New Energy, and Jinma Investment will hold the remaining 40% equity interest in Zigong New Energy.

FINANCIAL INFORMATION OF ZIGONG NEW ENERGY

Set out below is the audited financial information of Zigong New Energy for the two financial years ended 31 December 2019 and 31 December 2020 and the unaudited financial information of Zigong New Energy for the six months ended 30 June 2021 prepared in accordance with the China's Accounting Standards for Business Enterprises:

The audited net assets and total assets as at 31 December 2019 and 31 December 2020 and the unaudited net assets and total assets of Zigong New Energy as at 30 June 2021 are set out below, respectively:

	As at 31 December		As at 30 June
	2019	2020	2021
	Audited	Audited	Unaudited
	(RMB)	(RMB)	(RMB)
Net assets	42,079,889.01	51,580,790.98	198,265,233.57
Total assets	94,181,783.35	202,620,298.86	519,098,449.73

The audited net profit before and after taxation and operating income for the years ended 31 December 2019 and 31 December 2020 and the unaudited net profit before and after taxation and operating income for the six months ended 30 June 2021 are set out below, respectively:

	For the year		For the
	ended 31 December		six months
	2019	2020	ended 30 June
	Audited	Audited	Unaudited
	(RMB)	(RMB)	(RMB)
	(approximately)	(approximately)	(approximately)
Net profit before taxation	-222,965.48	-499,098	-960,571
Net profit after taxation	-222,965.48	-499,098	-960,571
Operating income	0	0	0

Upon Completion of the Capital Increase, the Company will hold 60% equity interest in Zigong New Energy, and Zigong New Energy will become a directly controlled subsidiary of the Company, and the financial results of Zigong New Energy will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFIT OF THE CAPITAL INCREASE

The main business of Zigong New Energy under the Capital Increase is in compliance with the industrial policies under the governments at national and local levels, with strong support from the local government. The Capital Increase is in line with the Company's strategic plan to expand and strengthen its new energy glass business. After the Completion of the Capital Increase, the Company will hold 60% equity interest in Zigong New Energy, and Zigong New Energy will be included in the scope of the consolidated statements of the Company, which is conducive to the rapid enhancement of the production scale and overall strength of the Company's photovoltaic glass business, the enhancement of sustainable development capacity, and the consolidation of its core competitiveness in the market, and is in the interests of the Company and Shareholders as a whole.

The terms of Capital Increase Agreement have been determined after the arm's length negotiations between the Parties to the Agreement. The Board considers that the terms of the Capital Increase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Reference is made to the inside information announcement dated 18 March 2021 in relation to the entering into of Cooperation Framework Agreement and the Entrusted Operation and Management Agreement. As stated in that announcement, the Company and Jinma Investment entered into an entrusted operation and management agreement (the "**Entrusted Operation and Management Agreement**") on 18 March 2021. Pursuant to the Entrusted Operation and Management Agreement, if the Company becomes a shareholder of Zigong New Energy during the entrusted period (i.e. ending at 31 December 2021), the Entrusted Operation and Management Agreement shall be terminated automatically from the date when the Company becomes a shareholder of Zigong New Energy (i.e. the date of Completion of the Capital Increase).

Completion of Capital Increase is subject to the fulfillment of the terms and conditions precedent set out in the Capital Increase Agreement. Accordingly, the Capital Increase may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

"Board"	the board of directors of the Company
"Audit and Valuation Benchmark Date"	28 February 2021

“Capital Increase Agreement”	a capital increase agreement in relation to Zigong New Energy entered into between the Company and Jinma Investment on 27 August 2021 in respect of the Capital Increase
“Capital Increase”	the Company subscribed for the newly increased registered capital of Zigong New Energy of RMB300,000,000 in accordance with the terms of the Capital Increase Agreement and the registered capital of Zigong New Energy increased from the existing RMB200,000,000 to RMB500,000,000, details of which are set out in the paragraph headed “Capital Increase” in this announcement
“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
“Completion of Capital Increase”	the completion of the relevant industrial and commercial registration of changes in respect of the Capital Increase under the Capital Increase Agreement by Zigong New Energy
“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
“Jinma Investment”	Zigong Jinma Industrial Investment Co., Ltd* (自貢市金馬產業投資有限公司), a limited company incorporated under the laws of the PRC, and as at the date of this announcement, holding 100% equity interest in Zigong New Energy

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China 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
“Zigong New Energy”	Kaisheng (Zigong) New Energy Co., Ltd.* (凱盛(自貢) 新 能 源 有 限 公 司), a limited company incorporated under the laws of the PRC, and being a directly wholly-owned subsidiary of Jinma Investment as at the date of this announcement
“%”	per cent

For the purpose of this announcement, the following exchange rate is used: RMB1.00 = HK\$1.20.

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

Luoyang, the PRC
27 August 2021

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*