

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)

**DISCLOSEABLE TRANSACTION
ANNOUNCEMENT IN RELATION TO THE ACQUISITION
OF THE EQUITY INTEREST IN TG FUJIAN
PHOTOVOLTAIC GLASS CO., LTD.**

ACQUISITION

The Board is pleased to announce that, on 14 September 2022, at the 6th meeting of the tenth session of the Board, the “Resolution on the Acquisition of the Equity Interest in TG Fujian Photovoltaic Glass Co., Ltd.” was passed, which approved the entering into of the Share Transfer Agreement in relation to TG Fujian Photovoltaic Glass Co., Ltd. (台玻福建光伏玻璃有限公司) between the Company and TG Donghai. Pursuant to the Share Transfer Agreement, the Company will acquire 100% equity interest in TG Fujian Photovoltaic Glass Co., Ltd. held by TG Donghai Glass Co., Ltd. (台玻東海玻璃有限公司) in cash. The transfer benchmark consideration of the Target Equity Interest is RMB421,963,400 (equivalent to approximately HK\$489,477,544). The Acquisition does not constitute a related party transaction nor does it constitute a material asset restructuring. Upon Completion of the transaction, TG Fujian will become a directly owned subsidiary of the Company, and the financial results of TG Fujian will be consolidated into the consolidated statements of the Company.

LISTING RULES IMPLICATIONS

As the expected applicable percentage ratios will be more than 5% but less than 25%, the Acquisition will constitute a discloseable transaction of the Company and will be subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Completion is subject to and conditional upon the fulfillment of the terms and conditions precedent set out in the Share Transfer Agreement and the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that the Company entered into the Share Transfer Agreement with TG Donghai on 14 September 2022. Pursuant to the Share Transfer Agreement, the Company conditionally agreed to acquire in cash and TG Donghai conditionally agreed to dispose of 100% equity interest in TG Fujian at a consideration of RMB421,963,400 (equivalent to approximately HK\$489,477,544).

Upon Completion of the transaction, TG Fujian will become a directly owned subsidiary of the Company, and the financial results of TG Fujian will be consolidated into the consolidated statements of the Company.

SHARE TRANSFER AGREEMENT

Set out below are the principal terms of the Share Transfer Agreement in respect of the Acquisition:

Date: 14 September 2022

Parties: (1) the Company (as the transferee); and
(2) TG Donghai (as the transferor).

SHARE TRANSFER

TG Donghai agreed to transfer its 100% equity interest held in TG Fujian to the Company; the Company agreed to accept the transfer of the 100% equity interest in TG Fujian transferred by TG Donghai. The Company, TG Donghai and TG Fujian will jointly sign the Completion Agreement, and the date of signing of the Completion Agreement shall be deemed the completion date. Both parties shall jointly cooperate and strive to complete the signing of the Completion Agreement within 30 days from the Completion Reference Date (as defined in paragraph (I) set out in the section headed “Completion Method” in this announcement).

SHARE TRANSFER PRICE AND PAYMENT METHOD

The Share Transfer Price of the Target Equity Interest was determined after arm’s length negotiations between the Company and TG Donghai on normal commercial terms. The assets appraisal report on TG Fujian (Jing Xin Ping Bao Zi (2022) No. 011) is taken as reference, among others, in determining the appraisal value of the entire equity interest attributable to the shareholders of TG Fujian prepared by Zhongjing Minxin (Beijing) Assets Appraisal Co., Ltd.,*(中京民信(北京)資產評估有限公司), an independent asset appraiser, based on the appraisal results under the cost method (asset-based method) as the appraisal conclusion. The final transfer price of the Target Equity Interest shall be adjusted and determined according to the profits and losses during the transition period as stated in the Share Transfer Agreement.

Based on the aforementioned valuation results, it is determined that the Share Transfer Price of the equity interest in TG Fujian is RMB421,963,400 (equivalent to approximately HK\$489,477,544) with a book value of RMB331,853,600 (equivalent to approximately HK\$384,950,176). The Company intends to pay the Share Transfer Price in cash by installments in the following manner and order:

- | | |
|--------------------|--|
| First instalment: | The Company shall pay 40% of the Share Transfer Price, i.e. RMB168,785,360 (equivalent to approximately HK\$195,791,018), to TG Donghai within 15 working days from the effective date of the Share Transfer Agreement. |
| Second instalment: | The Company shall pay 40% of the Share Transfer Price, i.e. RMB168,785,360 (equivalent to approximately HK\$195,791,018), to TG Donghai within 15 working days from the satisfaction of all of the following conditions: |

- (1) completion of the industrial and commercial registration of the transfer of 100% equity interest in TG Fujian to the Company and the change of company name to cease to use the brand name “TG” (台玻);
- (2) completion shall be subject to the signing of the Completion Agreement;
- (3) completion of all the matters by TG Fujian before the Completion Reference Date for which TG Donghai is responsible to procure as stipulated by the Share Transfer Agreement as agreed and promised by TG Donghai.

Third instalment: The Company shall pay the remaining balance of the Share Transfer Price (without interest) to TG Donghai within 15 working days from the satisfaction of all of the following conditions to ensure that TG Donghai fulfills the following conditions:

- (1) no contingent liability mentioned in the agreement has occurred within one year from the Completion Reference Date, or if such circumstances occur, TG Donghai has settled and assumed all costs or losses;
- (2) no default by TG Donghai has occurred within one year from the Completion Reference Date, or if such circumstances occur, TG Donghai has settled and assumed all costs or losses.

COMPLETION METHOD

- (I) The Company and TG Donghai agree that the relevant parties will proceed with the Completion at the domicile of TG Fujian and determine the reference date of Completion (the “**Completion Reference Date**”) in the following manner, subject to the adjustment by the parties through negotiation according to the actual circumstances. If the completion date of the industrial and commercial registration change is before the 15th day of the current month (excluding the 15th day), the Completion Reference Date shall be the last day of the previous month; if the completion date of the industrial and commercial registration change is after the 15th day of the current month (including the 15th day), the Completion Reference Date shall be the last day of the current month.

- (II) For the purpose of Completion, the authorised personnel of the Company and the personnel appointed by the Company as agreed under the Share Transfer Agreement shall have the right to access TG Fujian. At the same time, TG Fujian will entrust an audit institution recognised by the Company to audit the financial position of TG Fujian for the period from 1 November 2021 to the Completion Reference Date and issue corresponding reports.
- (III) From the date immediately following the Completion Reference Date, the Company and its authorised persons will take over TG Fujian, and be entitled to conduct production and operation activities or other disposals through TG Fujian as a shareholder. Upon the completion of the above-mentioned completion work, the Company, TG Donghai and TG Fujian will jointly sign the Completion Agreement, and the date of signing of the agreement shall be deemed the completion date. Both parties shall jointly cooperate and strive to complete the signing of the Completion Agreement within 30 days from the Completion Reference Date.

TREATMENT OF PROFITS OR LOSSES

- (I) The accumulated undistributed profits (if any) of TG Fujian as at the audit valuation benchmark date (i.e. 31 October 2021) were included in the Share Transfer Price, and therefore the Company was entitled to the accumulated undistributed profits of TG Fujian as at the audit valuation benchmark date.
- (II) If TG Fujian records profits during the transition period (i.e. the period between the audit valuation benchmark date and the Completion Reference Date), the corresponding profits shall be enjoyed by TG Donghai and shall be satisfied by adjusting the installments of the Share Transfer Price payable by the Company to TG Donghai accordingly. If TG Fujian records losses during the transition period, the corresponding losses shall be borne by TG Donghai and shall be satisfied by deducting the corresponding amount from the installments of the Share Transfer Price payable by the Company to TG Donghai. If the outstanding Share Transfer Price is not sufficient for deduction, TG Donghai shall compensate the Company in cash.
- (III) The profits or losses incurred by TG Fujian after the Completion Reference Date shall be borne or enjoyed by the Company.

TREATMENT OF LIABILITIES AND GUARANTEES

The transaction is a transfer of shares, which only involves a change of the shareholders and company name of TG Fujian, and TG Fujian shall still retain its corporate status. The liabilities as recorded in the audit report of TG Fujian as at the Completion Reference Date shall remain with TG Fujian and shall be repaid by TG Fujian after the Share Transfer in accordance with the contracts. However, any contingent liabilities not reflected in the audit report as at the Completion Reference Date shall be borne by TG Donghai.

ARRANGEMENTS FOR PERSONNEL

- (I) Upon completion of the Share Transfer, the directors, supervisors and senior management personnel originally appointed by TG Donghai will be withdrawn by TG Donghai and the Company will appoint new directors, supervisors and senior management personnel of TG Fujian.
- (II) TG Donghai agreed to provide the Company with a list of its existing management team and their biographies. The Company will manage and appraise such management team in accordance with its management model and appraisal system and determine the amount of remuneration for the management staff in accordance with the Company's remuneration and appraisal system. The management personnel may decide on their own whether or not to work in TG Fujian depending on the specific circumstances.
- (III) TG Fujian after the Share Transfer will enter into labour contracts with its duly-employed employees in accordance with the applicable laws. However, the compensation expenses (if any) payable as a result of TG Fujian's failure to enter into labour contracts with the employees employed prior to the Completion Reference Date, as well as the unpaid wages, social insurance premiums, housing provident fund and other expenses of any kind (if any) payable to the employees not provided for in TG Fujian's audit report as at the Completion Reference Date shall be borne by TG Donghai. If the actual payment of such amounts is made by TG Fujian, the Company shall be entitled to deduct the corresponding amount from the Share Transfer Price or TG Donghai shall make full compensation to the Company or TG Fujian otherwise.
- (IV) After the completion of the Share Transfer, TG Fujian shall not bear any wages and social insurance for any employees who are not the employees of TG Fujian, nor shall it bear any financial assistance or other expenses for any employees who have left the employ or retired (including those who have internally retired). Any such costs shall wholly be borne by TG Donghai if incurred.

CONDITIONS PRECEDENT FOR THE SHARE TRANSFER AGREEMENT TO TAKE EFFECT

The Share Transfer Agreement shall become effective from the date on which all the following conditions have been satisfied:

- (I) the Share Transfer Agreement has been signed by the legal representatives of the Company, TG Donghai or their respective authorized representative(s), with company seals of both parties affixed thereon;
- (II) the Share Transfer as contemplated under the Share Transfer Agreement has been approved by the competent authority of the Company;
- (III) the Share Transfer as contemplated under the Share Transfer Agreement has been approved by the shareholders of TG Donghai;
- (IV) the Share Transfer as contemplated under the Share Transfer Agreement has been approved by the centralized inspection authority of the operators.

INFORMATION OF THE COMPANY AND THE COUNTERPARTY OF THE TRANSACTION, TG DONGHAI

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.

TG Donghai is a company incorporated in the PRC with limited liability (wholly foreign owned enterprise), which is principally engaged in the production of plate glass and the deep processing of glass products (projects which are subject to approval in accordance with the applicable laws, and commencement of business activities which are subject to the approval of the relevant departments and excluding operations which are subject to national restrictions and prohibitions).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, TG Donghai and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

INFORMATION OF THE TARGET COMPANY

TG Fujian is a company incorporated in the PRC with limited liability (wholly foreign owned enterprise), which is principally engaged in the production of high-quality photovoltaic glass and sale of self-produced products; assembly of electrical motors for new energy vehicles and electronic control systems and the wholesale of batteries (the import and export of the above commodities do not involve state-operated trade, and do not require import and export quota licenses, export quota tenders, export licenses and are not subject to other special management policies of commodities). TG Fujian was established on 25 November 2006 with registered capital of RMB550,000,000. Currently, TG Donghai holds 100% equity interest of TG Fujian.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The following is the audited financial information for the two financial years ended 31 December 2020 and 31 December 2021 and the unaudited financial information for the six months ended 30 June 2022 prepared by TG Fujian under the China's Accounting Standards for Business Enterprises:

The audited net profit before and after taxation and revenue of TG Fujian for the years ended 31 December 2020 and 2021 and the unaudited net profit before and after taxation and revenue for the six months ended 30 June 2022 are set out below, respectively:

Financial indicators	For the year ended		For the
	31 December		six months
	2020	2021	ended
	(Audited)	(Audited)	30 June
	(approximately)	(approximately)	(Unaudited)
			(approximately)
Revenue (RMB0'000)	19,365	54,444	32,316
Net profit before taxation (RMB0'000)	1,385	1,746	-1,011
Net profit after taxation (RMB0'000)	1,385	1,746	-1,011

The audited net assets and total assets of TG Fujian as at 31 December 2020 and 2021 and the unaudited net assets and total assets as at 30 June 2022 are set out below, respectively:

Financial indicators	31 December	31 December	30 June
	2020	2021	2022
	(Audited)	(Audited)	(Unaudited)
	(approximately)	(approximately)	(approximately)
Total assets (RMB0'000)	77,399	67,715	65,979
Net assets (RMB0'000)	-11,048	31,879	30,868

REASONS FOR AND BENEFIT OF THE ACQUISITION

The acquisition of the entire equity interests of TG Fujian will effectively improve the production capacity scale of photovoltaic glass of the Company and optimize business layout as well as expand regional markets, thus actualizing the effects of economies of scale and synergies, which is in line with the development strategy for new energy materials of the Company. The acquisition will not result in any changes in the principal business and business scope of the Company.

After the completion of the transaction, the financial results of TG Fujian will be consolidated into the financial statements of the Company.

The terms of Share Transfer Agreement have been determined after the arm's length negotiations between the parties thereto. Based on the abovementioned, the Directors consider that the terms of the Share Transfer Agreement are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Completion is subject to and conditional upon the fulfillment of the terms and conditions precedent set out in the Share Transfer Agreement and the Acquisition 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:

“Acquisition” or “Share Transfer”	the acquisition of the Target Equity Interest from TG Donghai pursuant to the terms and conditions under the Share Transfer Agreement by the Company
“Board”	the board of directors 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
“Completion”	the completion of the Acquisition pursuant to the terms and conditions under the Share Transfer Agreement
“Completion Agreement”	the completion agreement which the Company and TG Donghai shall jointly cooperate and strive to complete within 30 days from the Completion Reference Date (the signing date, which shall be deemed the completion date)

“Completion Reference Date”	as defined in paragraph (I) set out in the section headed “Completion Method” in this announcement
“Directors”	the directors of the Company, including the independent non-executive directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share Transfer Agreement”	the Share Transfer Agreement in relation to TG Fujian Photovoltaic Glass Co., Ltd. entered into between the Company and TG Donghai on 14 September 2022
“Share Transfer Price”	the consideration in relation to share transfer under the Share Transfer Agreement, i.e. RMB421,963,400 (equivalent to approximately HK\$489,477,544).
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interest”	the 100% equity interest in TG Fujian which TG Donghai agreed to dispose of and the Company agreed to acquire pursuant to the Share Transfer Agreement
“TG Donghai”	TG Donghai Glass Co., Ltd. (台玻東海玻璃有限公司), a company incorporated in the PRC with limited liability (wholly foreign owned enterprise), and a transaction counterparty in the Share Transfer Agreement

“TG Fujian” or “Target Company”

TG Fujian Photovoltaic Glass Co., Ltd. (台玻福建光伏玻璃有限公司), a company incorporated in the PRC with limited liability (wholly foreign owned enterprise), and is currently held as to 100% by TG Donghai

“%”

per cent

For the purpose of this announcement, the following exchange rate is adopted: RMB1.00= HK\$1.16. The exchange rate is for illustration purposes only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or any other rate at all.

By order of the Board
Luoyang Glass Company Limited*
Xie Jun
Chairman

Luoyang, the PRC
14 September 2022

As at the date of this announcement, the Board comprises five executive Directors: Mr. Xie Jun, Mr. Ma Yan, Mr. Zhang Rong, Mr. Liu Yuquan and Ms. Wang Leilei; two non-executive Directors: Mr. Tao Ligang and Mr. Zhang Chong; and four independent non-executive Directors: Ms. Zhang Yajuan, Mr. Chen Qisuo, Mr. Zhao Hulin and Mr. Fan Baoqun.

* *For identification purposes only*