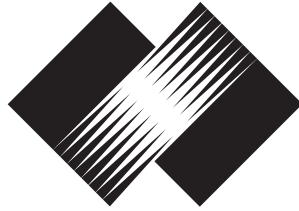


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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

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

(Stock Code: 1108)

**CONTINUING CONNECTED TRANSACTIONS AND
CONNECTED TRANSACTIONS**

(1) Continuing Connected Transactions and Connected Transactions

On 24 April 2009, the CCT Agreements were entered into for a period up to 31 December 2011 with a view to ensuring the continuous provision of goods and services such as supply of raw materials and energy, composite services and community services to the Group for its operations.

The entering into each of the CLFG Composite Services Agreement, the Community Services Agreement and the Logistics Company Land Use Right Lease Agreement (all form part of the CCT Agreements) constitutes continuing connected transactions of the Company which are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The entering into each of the Non-exempt CCT Agreements (being the CCT Agreements other than the CLFG Composite Services Agreement, the Community Services Agreement, the Luoyang Land Use Right Lease Agreement and the Logistics Company Land Use Right Lease Agreement) constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. In addition, the transactions contemplated under each of the Longhao Entrusted Loan Agreement, the Longhai Entrusted Loan Agreement, the Longfei Entrusted Loan Agreement, the Longhao Guarantee Agreement, the Longhai Guarantee Agreement, the Longfei Guarantee Agreement and the Longxiang Guarantee Agreement (all form part of the CCT Agreements) also constitute non-exempt financial assistances under Rule 14A.63 of the Listing Rules. As such, all of these transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the period between 2004 and 2008, the Group conducted transactions similar in nature to those contemplated under the CCT Agreements. The Group continues to conduct these transactions as at the date of this announcement. In addition, the Group also conducted the Financial Services Transaction, the Longfei Longxiang Loan Transaction, the Longhai Raw Material Supply Transaction and the Longhai Glass Supply Transaction, all of which have already been terminated prior to the date of this announcement. Depending on their respective percentage ratios and amounts involved, these transactions either constitute (i) continuing connected transactions exempt from the Independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules but subject to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Listing Rules; or (ii) non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 14A.45 to 14A.48 of the Listing Rules. Certain of these transactions have been disclosed in the annual reports of the Company in the relevant years but were not in full compliance with the other requirements under the Listing Rules set out above.

Apart from the Relevant Transactions, the Group also conducted the Connected Transactions, comprising the Longmen Longhai Raw Material Transaction, the Longmen Longhao Raw Material Transaction and the Longhai Longmen Shattered Glass Transaction. The Connected Transactions were not in full compliance with certain requirements under the Listing Rules either.

(2) EGM

An EGM will be convened for the purpose of seeking the Independent Shareholders' approval which will be taken by poll for the Non-exempt CCT Agreements and the respective proposed Cap amounts in relation to the Non-exempt Continuing Connected Transactions. CLFG, together with its associates with interests in the Non-exempt Continuing Connected Transactions, will abstain from voting at the EGM.

A circular containing, among other things, details of the Non-exempt CCT Agreements, the recommendation of the Independent Board Committee and the letter of advice from an independent financial adviser, together with a notice convening the EGM for approving the Non-exempt CCT Agreements and the respective proposed Cap amounts, will be despatched to the Shareholders as soon as possible.

(1) CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

BACKGROUND TO AND REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Background

The Company is principally engaged in the production and sale of float sheet glass and is one of the largest manufacturers and distributors of float glass in the PRC. In order to secure continuous supply of raw materials and energy for the Group's production as well as to provide the Group with operational and financial flexibility, on 24 April 2009, the Group entered into the CCT Agreements with members of CLFG Group in respect of purchases of raw material and energy, provision of various services, supply of products as well as leasing of land. The Directors (excluding the independent non-executive Directors whose view will be rendered based on the advice of the independent financial adviser of the Company) are of the view that the Non-exempt CCT Agreements have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Non-exempt CCT Agreements and the respective Cap amounts are fair and reasonable and in the interests of the Shareholders and the Company as a whole. The Directors (including the independent non-executive Directors) are also of the view that the exempt CCT Agreements, being the CLFG Composite Services Agreement, the Community Services Agreements, the Luoyang Land Use Right Lease Agreement and the Logistics Company Land Use Right Lease Agreement are entered into on normal commercial terms and in the ordinary and usual course of business of the Group and that their respective terms and Cap amounts are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Historical breaches of the Listing Rules

During the period between 2004 and 2008, the Group conducted transactions similar in nature to those contemplated under the CCT Agreements, the Financial Services Transaction, the Longfei Longxiang Loan Transaction, the Longhai Raw Material Supply Transaction and the Longhai Glass Supply Transaction (together with the transactions similar in nature to those contemplated under the CCT Agreements, the “**Relevant Transactions**”). Save for the Financial Services Transaction, the Longfei Longxiang Loan Transaction, the Longhai Raw Material Supply Transaction and the Longhai Glass Supply Transaction, the Relevant Transactions continue as at the date of this announcement. Certain of the Relevant Transactions have been disclosed in the annual reports of the Company in the relevant years. According to the disclosure made by the Company in its past annual reports, the Company entered into:

- a three-year agreement with CLFG effective from 3 August 2001 which was renewed for another three years and expired on 3 August 2007 in respect of the provision of certain social welfare and support services to the employees of the Company;
- a three-year agreement with CLFG effective from 1 September 2003 in respect of the provision of research and development assistance and consultancy services to the Company. This agreement was terminated in 2005;
- a three-year agreement with CLFG effective from 3 August 2001 which was renewed for another three years and expired on 3 August 2007 in respect of the provision of utilities such as water and electricity to CLFG;
- a three-year agreement with a subsidiary of CLFG, CLFG Xinxing Company, effective from 3 August 2001 in respect of the provision of certain social welfare and support services to the employees of the Company;
- a three-year agreement with certain subsidiaries of CLFG which was renewed for another three years and expired on 3 August 2007 in respect of the provision of utilities such as water and electricity to these subsidiaries of CLFG;
- a three-year agreement with a subsidiary of CLFG, CLFG Mineral Company, effective from 3 August 2001 which was renewed for another three years and expired on 3 August 2007 in respect of the supplies of certain raw materials by CLFG Mineral Company to the Group; and

- a five-year agreement with an associated company, 洛玻集團洛陽加工玻璃有限公司 (China Luoyang Float Glass (Group) Processed Glass Company Limited*), effective from 1 January 2003 in respect of the sub-leasing of a portion of land use rights of a piece of land.

Upon expiry of the aforementioned agreements, the Company has not entered into any additional written agreements in respect of the Relevant Transactions. The Company's past annual reports stated that the then independent non-executive Directors of the Company had from time to time reviewed and confirmed in the annual reports that the transactions contemplated under these agreements were conducted in the ordinary course of business, on normal commercial terms and in accordance with the respective agreements in accordance with Rule 14A.37 of the Listing Rules.

The Relevant Transactions were not in full compliance with the requirements to (i) enter into written agreement(s) pursuant to Rule 14A.35(1) of the Listing Rules; (ii) conduct annual review by the Company's independent non-executive Directors pursuant to Rule 14A.37 of the Listing Rules; and (iii) conduct annual review by the Company's auditors pursuant to Rule 14A.38 of the Listing Rules. In addition, depending on their respective percentage ratios and amounts involved, the Relevant Transactions either constituted (i) continuing connected transactions exempt from the Independent Shareholders' approval requirements under Rule 14A.34 of the Listing Rules but subject to the reporting and announcement requirements pursuant to Rules 14A.45 to 14A.47 of the Listing Rules; or (ii) non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 14A.45 to 14A.48 of the Listing Rules. Set out below is a summary of the non-compliance aspects of the Relevant Transactions under the Listing Rules:

Relevant Transactions	2004	2005	2006	2007	2008
<i>Transactions which still continue as at the date of this announcement:</i>					
Company Supply Agreement (<i>Note 1</i>)	I	I	I	R	R
Provision of Water, Electricity and Steam Agreement (<i>Note 1</i>)	I	I	I	I	I
CLFG Composite Services Agreement	I	R	R	R	R
Longhao Entrusted Loan Agreement	nil	nil	I	I	I
Longhai Entrusted Loan Agreement	nil	nil	I	I	I
Longfei Entrusted Loan Agreement	I	I	I	I	I
Longhao Guarantee Agreement	nil	I	I	I	I
Longhai Guarantee Agreement	nil	R	I	I	I

Longfei Guarantee Agreement	I	I	I	I	I
Longxiang Guarantee Agreement	nil	nil	nil	nil	I
Longhao Raw Material Supply Agreement (<i>Note 1</i>)	nil	nil	I	nil	I
Longfei Raw Material Supply Agreement (<i>Note 1</i>)	nil	nil	nil	R	I
Longxiang Raw Material Supply Agreement (<i>Note 1</i>)	nil	nil	nil	nil	I
Longxin Raw Material Supply Agreement (<i>Note 1</i>)	nil	nil	nil	nil	I
Longhao Glass Supply Agreement	nil	nil	I	I	I
Longfei Glass Supply Agreement	R	R	nil	R	I
Longxiang Glass Supply Agreement	nil	nil	nil	nil	I
Longxin Glass Supply Agreement	I	I	I	I	I
Huayi Glass Supply Agreement (<i>Note 1</i>)	nil	nil	nil	I	I
Silicon Powder Supply Agreement	I	R	I	I	I
Logistics Company Land Use Right Lease Agreement	nil	nil	nil	nil	R
Longhao Composite Services Agreement (<i>Note 1</i>)	nil	nil	nil	R	R
Longfei Composite Services Agreement (<i>Note 1</i>)	nil	nil	nil	R	R
Longxiang Composite Services Agreement (<i>Note 1</i>)	nil	nil	nil	R	R
Longxin Composite Services Agreement (<i>Note 1</i>)	nil	R	R	R	R
Community Services Agreement	R	R	R	R	R
<i>Transactions which have been terminated or have ceased to be continuing connected transaction:</i>					
Financial Services Transaction	I	I	I	I	I
Longfei Longxiang Loan Transaction	nil	nil	I	I	R
Longhai Raw Material Supply Transaction (<i>Note 1</i>)	nil	nil	I	nil	I
Longhai Glass Supply Transaction	nil	nil	nil	R	I

Remarks:

R — not complied with the reporting and announcement requirements

I — not complied with the reporting, announcement and Independent Shareholders' approval requirements

Note 1: Based on the work performed, the auditors of the Company have confirmed in a letter to the Board that these continuing connected transactions occurred during the year ended 31 December 2008 were in accordance with the pricing policies of the Group, as a requirement set out in Rule 14A.38(2) of the Listing Rules.

The Company has notified the Stock Exchange, pursuant to Rule 14A.40 of the Listing Rules, that the auditors of the Company are unable to confirm the matters set out in Rule 14A.38(1), (3) and (4) of the Listing Rules in respect of the abovementioned continuing connected transactions that occurred during the year ended 31 December 2008.

Details of the historical transaction amount for each of the Relevant Transactions (other than the Financial Services Transaction, the Longfei Longxiang Loan Transaction, the Longhai Raw Material Supply Transaction and the Longhai Glass Supply Transaction) are set out in the paragraph “Basis of the Relevant Caps” below.

Set out below is a summary of the Financial Services Transaction, the Longfei Longxiang Loan Transaction, the Longhai Raw Material Supply Transaction and the Longhai Glass Supply Transaction respectively. These transactions have been terminated.

The Financial Services Transaction

Parties

- (1) CLFG Finance Company, a subsidiary of CLFG; and
- (2) the Company, on behalf of the Group

Details of the transaction

Since 1994, CLFG Finance Company, a non-bank finance company approved and regulated by the PBOC and the China Banking Regulatory Commission, provided certain financial services including deposit taking services, entrusted loans services, loans services, guarantees services and settlement services (such settlement services will be provided in the course of provision of the other financial services and hence no services fees will be charged in relation to such services) to the Group. The interest rates for deposits shall be determined with reference to the relevant deposits basic interest rates set by PBOC from time to time when the transactions take place. The interest rates for loans shall be determined with reference to the relevant loan basic interest rates set by PBOC and the permitted range of floating interest rates for financial institutions set by PBOC at the time of providing the loans.

The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial Services Transaction					
— deposits ¹	38,763	46,804	46,874	32,003	11,134
— loans ¹	327,999	167,824	186,244	90,543	64,638
— guarantee ²	531,400	722,000	855,100	751,910	840,170

¹ Based on the average month-end balance of the relevant year.

² Based on the maximum outstanding balance during the relevant year.

CLFG Finance Company ceasing to be a connected person

As disclosed in the Company's announcement dated 22 January 2009 and the Company's circular dated 11 February 2009, the Company and CLFG entered into a share transfer contract on 22 January 2009 with 河南省正龍煤業有限公司 (Henan Province Zhenglong Coal Company Limited*) ("**Zhenglong Coal**") and 永城煤電控股集團有限公司 (Yongcheng Coal and Electricity Holdings Group Company Limited*) ("**Yongcheng Coal**"), pursuant to which the Company agreed to sell and Zhenglong Coal agreed to purchase a 37% equity interest in CLFG Finance Company, and CLFG agreed to sell and Yongcheng Coal agreed to purchase the remaining 63% equity interests in CLFG Finance Company.

The transaction contemplated under the above share transfer contract was completed. As such, CLFG Finance Company, which was a connected person of the Company when the Financial Services Transaction occurred, will no longer be a connected person of the Company.

The Longfei Longxiang Loan Transaction

Parties

- (1) Longfei Glass, a non-wholly owned subsidiary of the Company and the equity interest of which is owned as to 54% by the Company, 10% by CLFG and 36% by Yingchi Float Glass Factory, an independent third party not connected with the Company or connected persons of the Company; and

- (2) Longxiang Glass, the equity interest of which is owned as to 40% by Longfei Glass before completion of the Longxiang Equity Acquisition. Given that Longfei Glass is effectively entitled to control the composition of a majority of the board of directors of Longxiang Glass, Longxiang Glass has been regarded as a subsidiary of Longfei Glass, which in turn is a non wholly-owned subsidiary of the Company. As such, Longxiang Glass is a connected person of the Company under the Listing Rules when the Longfei Longxiang Loan Transaction occurred.

Details of the transaction

In order to carry out its operating activities, Longxiang Glass borrowed a loan of RMB14,000,000 from Longfei Glass during the period from 2006 to 2008. The loan amount was repaid in full in February 2008. The interest charged on this loan was 6.696% per annum which was determined with reference to the relevant loan basic interest rates set by PBOC and the permitted range of floating interest rates for financial institutions set by PBOC at the time of providing the loan.

Based on the average month-end outstanding amount of the loan accounts of the relevant years, the transaction amount (inclusive of interests) for the Longfei Longxiang Loan Transaction for the year ended 31 December 2006, 2007 and 2008 were approximately RMB16.5 million, RMB20.7 million and RMB9.0 million respectively. As such, based on the applicable percentage ratios, the Longfei Longxiang Loan Transaction also constituted non-exempt financial assistance in 2006 and 2007 under Rule 14A.63 of the Listing Rules and exempt financial assistance in 2008 exempt from Independent Shareholders' approval requirement under Rule 14A.66 of the Listing Rules.

The Longhai Raw Material Supply Transaction

Parties

- (1) The Company, as supplier; and
- (2) Longhai Glass, as purchaser

Details of the transaction

In order to achieve greater economies of scale and leverage on the stronger bargaining power with the suppliers, the Company would source raw materials on behalf of its subsidiaries including Longhai Glass. Since 2006, the Company has supplied certain raw materials including alkali, oil, thenardite, silicon powder, dolomite powder, limestone powder and potassium feldspar powder to Longhai Glass at a price with reference to the prevailing market price of such raw materials.

The transaction amounts of the Longhai Raw Material Supply Transaction for the two years ended 31 December 2006 and 2008 were approximately RMB77.1 million and RMB54.9 million respectively.

The Longhai Glass Supply Transaction

Parties

- (1) Longhai Glass, as supplier; and
- (2) The Company, as purchaser

Details of the transaction

In order to achieve greater economies of scale and leverage on better bargaining power with the customers, the Company would sell the products on behalf of the relevant subsidiaries including Longhai Glass. Since 2006, Longhai Glass has supplied float flat glass products to the Company at a price with reference to the prevailing market price.

The transaction amounts for the Longhai Glass Supply Transaction for the three years ended 31 December 2006, 2007 and 2008 were approximately RMB0.7 million, RMB1.2 million and RMB73.1 million respectively.

Apart from the Relevant Transactions, the Group also conducted the Connected Transactions, comprising the Longmen Longhai Raw Material Transaction, the Longmen Longhao Raw Material Transaction and the Longhai Longmen Shattered Glass Transaction in 2008. Set out below is a summary of the Connected Transactions.

CONNECTED TRANSACTIONS

The Longmen Longhai Raw Material Transaction

Parties

- (1) Longmen Glass, a subsidiary of the Company; and
- (2) Longhai Glass, a non-wholly owned subsidiary of the Company and the equity interest of which is owned as to 80% by the Company and 20% by CLFG. It is a connected person of the Company because CLFG, which is the controlling shareholder of the Company, is its substantial shareholder.

Details of the transaction

In order to improve the technology of its production line and to utilize its stock, Longmen Glass sold certain raw materials including fine coal, sulfur dioxide, steel band, oil, carbon powder and limestone to Longhai Glass at a consideration of approximately RMB6.3 million, which was determined with reference to the prevailing market price of such raw materials at the time of this transaction.

The Longmen Longhao Raw Material Transaction

Parties

- (1) Longmen Glass, a subsidiary of the Company; and
- (2) Longhao Glass, a non-wholly owned subsidiary of the Company and the equity interest of which is owned as to 80% by the Company and 20% by CLFG. It is a connected person of the Company because CLFG, which is the controlling shareholder of the Company, is its substantial shareholder.

Details of the transaction

In order to fully utilize its stock, Longmen Glass sold certain raw materials including shattered glass and alkali to Longhao Glass at a consideration of approximately RMB1.9 million, which was determined with reference to the prevailing market price of such raw materials at the time of this transaction.

The Longhai Longmen Shattered Glass Transaction

Parties

- (1) Longhai Glass; and
- (2) Longmen Glass.

Details of the transaction

In order to improve its cash flow and to utilize its stock, Longhai Glass sold shattered glass to Longmen Glass at a consideration of approximately RMB1.2 million, which was determined with reference to the prevailing market price of shattered glass at the time of this transaction.

Listing Rules implications of the Connected Transactions

Since each of the applicable percentage ratios for each of the Connected Transactions was equal to or more than 0.1% but less than 2.5%, these transactions constituted connected transactions which were subject to reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Connected Transactions were not in compliance with the requirements to (i) enter into written agreement(s) pursuant to Rule 14A.04 of the Listing Rules; and (ii) make announcement(s) pursuant to Rule 14A.47 of the Listing Rules. The Company will include details of the Connected Transactions in its annual report 2008 in accordance with the reporting requirements pursuant to Rule 14A.45 of the Listing Rules. In addition, written agreement for each of the Connected Transactions was entered into on 24 April 2009 to rectify the non-compliance with Rule 14A.04 of the Listing Rules. The Board (including the independent non-executive Directors) confirms that the Connected Transactions were conducted in the ordinary course of business, the terms of the Connected Transactions were normal and commercial terms, fair and reasonable and in the interests of the Shareholders and the Company as a whole.

REMEDIAL ACTIONS TAKEN BY THE INCUMBENT BOARD

As disclosed in the regulatory announcement and news (the “**Regulatory Announcement**”) issued by the Stock Exchange on 23 April 2008, a disciplinary hearing was conducted by the Listing Committee against the Company, in respect of which, the former Directors of the Company including Mr. Liu Baoying, Mr. Zhu Leibo, Mr. Ding Jianluo, Mr. Zhang Shaojie, Mr. Zhu Liuxin, Mr. Jiang Hong, Mr. Wang Jie, Mr. Dong Chao, Mr. Dai Zhiliang and Mr. Zhong Pengrong resigned from their respective positions during the period between March 2006 and April 2008 (the “**Relevant Period**”). The said disciplinary hearing related to the breach of the Listing Rules by the Company in 2005 concerning two transactions in respect of the formation of two joint ventures, being Luoyang Long Hai Electronic Glass Limited and CLFG Group Long Hao Glass Limited (for details of these two said transactions, please refer to the Company’s announcements dated 27 May 2005, 17 June 2005, 11 July 2005, 29 August 2005, 30 September 2005, 31 October 2005, 3 November 2005, 30 November 2005, 9 December 2005, 9 January 2006 and 27 February 2006 as well as the Company’s circular dated 10 January 2006).

Since the appointment of the existing Directors, the management of the Company is determined to enhance the internal control system, including the information disclosure system, with a view to ensuring full compliance with the Listing Rules in the future. All of the Relevant Transactions occurred before the resignation of the former directors described above were unveiled when a majority of the new management of the Company came on board in 2008. Immediate actions were taken by the new management to prepare this announcement for the purposes of rectifying the Relevant Transactions and approving and disclosing the Non-exempt Continuing Connected Transactions. As the Relevant Transactions form part and parcel of the core business of the Group, the termination of which will adversely affect its normal operation, the Directors are of the view that the termination of the Relevant Transactions is not in the best interest of the Shareholders and the Company. As such, certain of the Relevant Transactions are continuing as at the date of this announcement.

During the Relevant Period, the Company has retained an independent adviser, ShineWing (HK) CPA Limited (the “**Independent Adviser**”) to conduct a review of its internal control system. Based on the findings therefrom, the Company under the supervision of its new management has instituted additional measures with a view to avoiding recurrence of similar non-compliance with the Listing Rules in the future and in recognition of the utmost importance of strict compliance with the Listing Rules as stated in the Regulatory Announcement. For instance, such measures include but not limited to the following:

- restructuring of the Board;
- provision of training courses in respect of the Listing Rules and corporate governance to the management of the Company;
- establishment of an independent compliance committee to provide recommendation to the Board on compliance matters;
- appointing a new compliance adviser (within the meaning under the Listing Rules), Anglo Chinese Corporate Finance, Limited, on 6 August 2008 wherefrom the Company can seek advice on a timely basis in relation to compliance matters; and
- delegating the secretary office to the Board to monitor the cap amounts of the existing and any proposed continuing connected transactions on a timely basis to ensure that the cap amounts will not be exceeded and relevant Listing Rules requirements will be fulfilled.

In January 2008, the Independent Adviser completed its follow up review of the internal control system of the Group and was of the view that the Group satisfactorily implemented most of its recommendations to the Group, and non-implementation of the remaining recommendations would not result in the Group having significant deficiencies in detecting or preventing breaches of relevant regulations or fraudulent acts. In response to the Independent Adviser's follow up review, the Company has implemented the remaining recommendations by June 2008. The Company has engaged the Independent Adviser to conduct another review (the "**Latest Review**") on its information disclosure system in October 2008. No major deficiencies were identified by the Independent Adviser during this Latest Review. The Company and the Independent Adviser are of the opinion that the Company's present system and overall controls on information disclosure are adequate and effective.

The Directors believe that the Company has instituted proper internal controls to comply with the Listing Rules.

Set out below is a summary of the principal terms of the CCT Agreements:

PARTICULARS OF COMPANY SUPPLY AGREEMENT

Date

24 April 2009

Parties

- (1) The Company, on behalf of the Group, as supplier; and
- (2) CLFG, on behalf of CLFG Group, as purchaser

Period

The Company Supply Agreement shall take effect after the signing of the agreement and the approval of the agreement by the Independent Shareholders for a period up to 31 December 2011.

Goods to be provided and pricing

The Group will supply float flat glass products at the car-making level (汽車級) and the mirror-making level (制鏡級) to CLFG Group at a price to be determined with reference to the prevailing market price at the time of the particular transaction. The price for supplying the same or similar products to third parties will be taken into account when determining the market price. The price offered to CLFG Group will not be less than that offered to third party customers of the Group.

Condition

The Company Supply Agreement is conditional on obtaining the approval by the Independent Shareholders at the EGM as required under the Listing Rules.

PARTICULARS OF PROVISION OF WATER, ELECTRICITY AND STEAM AGREEMENT

Date

24 April 2009

Parties

- (1) The Company, as supplier; and
- (2) CLFG, on behalf of CLFG Group, as purchaser

Period

The Provision of Water, Electricity and Steam Services Agreement shall take effect after the signing of the agreement and the approval of the agreement by the Independent Shareholders for a period up to 31 December 2011.

Goods to be provided and pricing

The Company will supply water, electricity and steam to CLFG Group at a price to be determined with reference to the respective prevailing market price, which is determined based on the relevant PRC regulations from time to time, and thus is on normal commercial terms.

Condition

The Provision of Water, Electricity and Steam Services Agreement is conditional on obtaining the approval by the Independent Shareholders at the EGM as required under the Listing Rules.

PARTICULARS OF CLFG COMPOSITE SERVICES AGREEMENT

Date

24 April 2009

Parties

- (1) CLFG, as supplier; and
- (2) The Company, as customer

Period

The CLFG Composite Services Agreement shall take effect after the signing of the agreement for a period up to 31 December 2011.

Services to be provided and prices

CLFG will provide the following services to the Company:

1. development of float flat glass technology services and the relevant technology consultation services;
2. licensing of patents;
3. technology analysis and assessment;
4. technology examination;
5. technology proposal;

6. technology information;
7. products development;
8. analysis test services;
9. repairing of equipment and other technology services;
10. training services;
11. management of retired staff affairs;
12. training of armed militiamen;
13. civil air-raid shelters services; and
14. advertising services.

The price will be determined with reference to:

- a. the applicable State Price; or
- b. if there is no applicable State Price for any such services, the market price. The price for providing the same or similar services to third parties in Luoyang City or areas near Luoyang City will be taken into account when determining the market price. The price for the Company will not be higher than the price for providing the same or similar services to third party customers of the Group.

PARTICULARS OF LONGHAO ENTRUSTED LOAN AGREEMENT, LONGHAI ENTRUSTED LOAN AGREEMENT AND LONGFEI ENTRUSTED LOAN AGREEMENT

Date

24 April 2009

Parties

Longhao Entrusted Loan Agreement:

- (1) The Company; and
- (2) Longhao Glass, a non-wholly owned subsidiary of the Company and the equity interest of which is owned as to 80% by the Company and 20% by CLFG. It is a connected person of the Company because CLFG is its substantial shareholder.

Longhai Entrusted Loan Agreement:

- (1) The Company; and
- (2) Longhai Glass, a non-wholly owned subsidiary of the Company and the equity interest of which is owned as to 80% by the Company and 20% by CLFG. It is a connected person of the Company because CLFG is its substantial shareholder.

Longfei Entrusted Loan Agreement:

- (1) The Company; and
- (2) Longfei Glass, a non-wholly owned subsidiary of the Company and the equity interest of which is owned as to 54% by the Company, 10% by CLFG and 36% by Yingchi Float Glass Factory, an independent third party not connected with the Company or connected persons of the Company. Longfei Glass is a connected person of the Company because CLFG is its substantial shareholder.

Period

The Longhao Entrusted Loan Agreement, the Longhai Entrusted Loan Agreement and the Longfei Entrusted Loan Agreement shall take effect after the signing of the agreements and the approval of the agreements by the Independent Shareholders for a period up to 31 December 2011.

Entrusted loans to be provided by the Company

The Company entered into an entrusted loan agreement with each of Longhao Glass, Longhai Glass and Longfei Glass with principally the same terms, and pursuant to which the Company would provide a loan via a financial institute (to be designated by the parties and being independent third party to the Company) to Longhao Glass, Longhai Glass and Longfei Glass for carrying out their working projects assigned by the Company. Such loan will be interest bearing and the interest rate will be determined with reference to the relevant loan basic interest rates set by PBOC and the permitted range of floating interest rates for financial institutions set by PBOC at the time of providing the loan.

The Company agrees to sign entrusted loan agreement(s) in respect of the above entrusted loan arrangement with the relevant financial institute(s) designated by the parties.

Conditions

Each of the Longhao Entrusted Loan Agreement, the Longhai Entrusted Loan Agreement and the Longfei Entrusted Loan Agreement is conditional on obtaining the approval by the Independent Shareholders at the EGM as required under the Listing Rules.

As mentioned above, given that the Company is not a licensed financial institution, it is not authorized to carry out banking related businesses in the PRC. As such, in order to facilitate the implementation of the Company's designated projects of its subsidiaries, the Company will make loan arrangements in the form of entrusted loans via financial institute(s) designated by the parties. The entrusted loans are granted by the financial institute(s) to the designated subsidiaries on behalf of the Company, from time to time, on a temporary basis and on normal commercial terms.

PARTICULARS OF LONGHAO GUARANTEE AGREEMENT, LONGHAI GUARANTEE AGREEMENT, LONGFEI GUARANTEE AGREEMENT AND LONGXIANG GUARANTEE AGREEMENT

Date

24 April 2009

Parties

Longhao Guarantee Agreement:

- (1) The Company, as guarantor; and
- (2) Longhao Glass, as guarantee

Longhai Guarantee Agreement:

- (1) The Company, as guarantor; and
- (2) Longhai Glass, as guarantee

Longfei Guarantee Agreement:

- (1) The Company, as guarantor; and
- (2) Longfei Glass, as guarantee

Longxiang Guarantee Agreement:

- (1) The Company, as guarantor; and

- (2) Longxiang Glass, as guarantee, the equity interest of which was owned as to 40% by Longfei Glass before completion of the Longxiang Equity Acquisition. Given that Longfei Glass was effectively entitled to control the composition of a majority of the board of directors of Longxiang Glass, Longxiang Glass was regarded as a subsidiary of Longfei Glass, which in turn is a non wholly-owned subsidiary of the Company and the equity interest of which is owned as to 54% by the Company, 10% by CLFG and 36% by Yingchi Float Glass Factory, an independent third party not connected with the Company or connected persons of the Company. As such, Longxiang Glass is a connected person of the Company under the definition of the Listing Rules.

Upon completion of the Longxiang Equity Acquisition, Longxiang Glass becomes a wholly owned subsidiary of Longfei Glass.

Period

The Longhao Guarantee Agreement, the Longhai Guarantee Agreement, the Longfei Guarantee Agreement and the Longxiang Guarantee Agreement shall take effect after the signing of the agreements and the approval of the agreements by the Independent Shareholders for a period up to 31 December 2011.

Guarantee to be provided by the Company

The Company entered into a guarantee agreement with each of Longhao Glass, Longhai Glass, Longfei Glass and Longxiang Glass with principally the same terms whereby the Company would provide guarantee in respect of bank loans of Longhao Glass, Longhai Glass, Longfei Glass and Longxiang Glass and the latter four parties shall provide in favour of the Company counter-guarantees in respect of the guarantees given by the Company.

Condition

Each of the Longhao Guarantee Agreement, the Longhai Guarantee Agreement, the Longfei Guarantee Agreement and the Longxiang Guarantee Agreement is conditional on obtaining the approval by the Independent Shareholders at the EGM as required under the Listing Rules.

Longhao Glass, Longhai Glass, Longfei Glass and Longxiang Glass are non-wholly owned subsidiaries of the Company and are engaged in carrying out specific projects assigned by the Company. In the course implementing these projects, it is often necessary for the Company that has a stronger financial standing to provide guarantees in respect of bank loans obtained by these companies.

**PARTICULARS OF LONGHAO RAW MATERIAL SUPPLY AGREEMENT,
LONGFEI RAW MATERIAL SUPPLY AGREEMENT, LONGXIANG RAW
MATERIAL SUPPLY AGREEMENT AND LONGXIN RAW MATERIAL SUPPLY
AGREEMENT**

Date

24 April 2009

Parties

Longhao Raw Material Supply Agreement:

- (1) The Company, as supplier; and
- (2) Longhao Glass, as purchaser

Longfei Raw Material Supply Agreement:

- (1) The Company, as supplier; and
- (2) Longfei Glass, as purchaser

Longxiang Raw Material Supply Agreement:

- (1) The Company, as supplier; and
- (2) Longxiang Glass, as purchaser

Longxin Raw Material Supply Agreement:

- (1) The Company, as supplier; and
- (2) Longxin Glass, as purchaser, which is owned as to 50% by CLFG, and thus a connected person of the Company.

Period

The Longhao Raw Material Supply Agreement, the Longfei Raw Material Supply Agreement, the Longxiang Raw Material Supply Agreement and the Longxin Raw Material Supply Agreement shall take effect after the signing of the agreements and the approval of the agreements by the Independent Shareholders for a period up to 31 December 2011.

Raw materials to be supplied and price

Prior to 2008, each of Longhao Glass, Longfei Glass, Longxiang Glass and Longxin Glass sourced most of their own raw materials. Subsequently, in order to achieve greater economies of scale and leverage on the stronger bargaining power with the suppliers, the Group decided to adopt a centralised approach in sourcing raw material whereby the Company would source raw materials on behalf of its subsidiaries. In particular, the Company entered into a raw material supply agreement with each of Longhao Glass, Longfei Glass, Longxiang Glass and Longxin Glass on principally the same terms, and pursuant to which the Company would provide certain raw materials including alkali, oil, thenardite, silicon powder, dolomite powder, limestone powder, potassium feldspar powder and shattered glass to Longhao Glass, Longfei Glass, Longxiang Glass and Longxin Glass at a price to be determined by reference to the prevailing market price of such raw materials.

Conditions

Each of the Longhao Raw Material Supply Agreement, the Longfei Raw Material Supply Agreement, the Longxiang Raw Material Supply Agreement and the Longxin Raw Material Supply Agreement is conditional on obtaining the approval by the Independent Shareholders at the EGM as required under the Listing Rules.

PARTICULARS OF LONGHAO GLASS SUPPLY AGREEMENT, LONGFEI GLASS SUPPLY AGREEMENT, LONGXIANG GLASS SUPPLY AGREEMENT AND LONGXIN GLASS SUPPLY AGREEMENT

Date

24 April 2009

Parties

Longhao Glass Supply Agreement:

- (1) Longhao Glass, as supplier; and
- (2) The Company, as purchaser

Longfei Glass Supply Agreement:

- (1) Longfei Glass, as supplier; and
- (2) The Company, as purchaser

Longxiang Glass Supply Agreement:

- (1) Longxiang Glass, as supplier; and
- (2) The Company, as purchaser

Longxin Glass Supply Agreement:

- (1) Longxin Glass, as supplier; and
- (2) The Company, as purchaser

Period

The Longhao Glass Supply Agreement, the Longfei Glass Supply Agreement, the Longxiang Glass Supply Agreement and the Longxin Glass Supply Agreement shall take effect after the signing of the agreements and the approval of the agreements by the Independent Shareholders for a period up to 31 December 2011.

Goods to be provided and price

Prior to 2008, each of Longhao Glass, Longfei Glass, Longxiang Glass and Longxin Glass sold most of their respective products independently. In order to achieve greater economies of scale and leverage on the enlarged bargaining power with the customers, the Group decided to adopt a centralised approach in selling its products whereby the Company would sell the products on behalf of the relevant subsidiaries. In particular, each of Longhao Glass, Longfei Glass, Longxiang Glass and Longxin Glass entered into a supply agreement with the Company on principally the same terms, and pursuant to which these four companies would respectively supply float flat glass products to the Company at a price to be determined with reference to the prevailing market price at the time the transaction takes place.

Condition

Each of the Longhao Glass Supply Agreement, the Longfei Glass Supply Agreement, the Longxiang Glass Supply Agreement and the Longxin Glass Supply Agreement is conditional on obtaining approval by the Independent Shareholders at the EGM as required under the Listing Rules.

PARTICULARS OF HUAYI GLASS SUPPLY AGREEMENT

Date

24 April 2009

Parties

- (1) Longhai Glass, as supplier; and
- (2) Huayi Glass, as purchaser. Huayi Glass is a connected person of the Company because it is a subsidiary and is thus an associate of CNBMG, the Company's ultimate controlling shareholder.

Period

The Huayi Glass Supply Agreement shall take effect after the signing of the agreement and the approval of the agreement by the Independent Shareholders for a period up to 31 December 2011.

Goods to be provided and pricing

Longhai Glass will supply super-thin float flat glass to Huayi Glass at a price to be determined with reference to the prevailing market price at the time of transaction.

Condition

The Huayi Glass Supply Agreement is conditional on obtaining the approval by the Independent Shareholders at the EGM as required under the Listing Rules.

PARTICULARS OF SILICON POWDER SUPPLY AGREEMENT

Date

24 April 2009

Parties

- (1) The Company, on behalf of the Group, as purchaser; and
- (2) CLFG Mineral Company, as supplier. CLFG Mineral Company is owned as to 40.29% by the Company and 59.71% by CLFG. It is a connected person of the Company because it is a subsidiary of CLFG.

Period

The Silicon Powder Supply Agreement shall take effect after the signing of the agreement and the approval of the agreement by the Independent Shareholders for a period up to 31 December 2011.

Goods to be purchased by the Group and pricing

1. CLFG Mineral Company shall supply to the Group at least 25 tonnes silicon powder per annum, which was manufactured by CLFG Mineral Company.
2. The Group has the priority over other third parties to purchase silicon powder from CLFG Mineral Company.
3. The price shall be determined with reference to the prevailing market price at the time of transaction. The parties will assess and confirm the price before 31 December every year.
4. The price of the silicon powder shall be calculated based on dry silicon powder, which should have water content below 6%, exceeding which the price should decrease and by reference to the prevailing market price.
5. In the event that the Group is able to obtain a lower price or better quality silicon powder from other suppliers, the Group may purchase the silicon powder from other suppliers provided the Group gives a 3-month prior written notice to CLFG Mineral Company.

Condition

The Silicon Powder Supply Agreement is conditional on obtaining the approval by the Independent Shareholders at the EGM as required under the Listing Rules.

PARTICULARS OF LUOYANG LAND USE RIGHT LEASE AGREEMENT

Date

24 April 2009

Parties

- (1) The Company, as lessor; and
- (2) CLFG, on behalf of CLFG Group, as lessee

Period

The Luoyang Land Use Right Lease Agreement shall take effect after the signing of the agreement for a period up to 31 December 2011.

Land use right to be leased and rent

The Company leases to CLFG Group land use rights of two pieces of land located at Luoyang City High and New Technology and Production Development District (洛陽市高新技術產業開發區) and No. 9 Tang Gong Zhong Lu, Luoyang City (洛陽市唐宮中路9號) with a total floor area of approximately 113,000 square meters for operation of CLFG Group.

The annual rents are determined with reference to the market value of same district and same market type at the time of transaction.

PARTICULARS OF LOGISTICS COMPANY LAND USE RIGHT LEASE AGREEMENT

Date

24 April 2009

Parties

- (1) The Logistics Company, a wholly owned subsidiary of CLFG, as lessor; and
- (2) The Company, as lessee

Period

The Logistics Company Land Use Right Lease Agreement shall take effect after the signing of the agreement for a period up to 31 December 2011.

Land use right to be leased and rent

The Logistics Company leases to the Company land use rights of a piece of land located at No. 9 Tang Gong Zhong Lu, Luoyang City (洛陽市唐宮中路9號) with a total floor area of approximately 79,444.9 square meters. The land is occupied by the Company for its operations.

The annual rents are determined with reference to the market value of same district and same market type at the time of transaction.

**PARTICULARS OF LONGHAO COMPOSITE SERVICES AGREEMENT,
LONGHAI COMPOSITE SERVICES AGREEMENT, LONGFEI COMPOSITE
SERVICES AGREEMENT, LONGXIANG COMPOSITE SERVICES AGREEMENT
AND LONGXIN COMPOSITE SERVICES AGREEMENT**

Date

24 April 2009

Parties

Longhao Composite Services Agreement:

- (1) The Company, as services provider; and
- (2) Longhao Glass, as customer

Longhai Composite Services Agreement:

- (1) The Company, as services provider; and
- (2) Longhai Glass, as customer

Longfei Composite Services Agreement:

- (1) The Company, as services provider; and
- (2) Longfei Glass, as customer

Longxiang Composite Services Agreement:

- (1) The Company, as services provider; and
- (2) Longxiang Glass, as customer

Longxin Composite Services Agreement:

- (1) The Company, as services provider; and
- (2) Longxin Glass, as customer

Period

The Longhao Composite Services Agreement, the Longhai Composite Services Agreement, the Longfei Composite Services Agreement, the Longxiang Composite Services Agreement and the Longxin Composite Services Agreement shall take effect after the signing of the agreements and approval of the agreements by the Independent Shareholders for a period up to 31 December 2011.

Services to be provided and pricing

- a. The Company entered into a composite services agreement with each of Longhao Glass, Longhai Glass, Longfei Glass, Longxiang Glass and Longxin Glass with principally the same terms, and pursuant to which the Company would provide the following services to Longhao Glass, Longhai Glass, Longfei Glass, Longxiang Glass and Longxin Glass:
 1. technology usage and consultation services;
 2. establishment and organization of systems on production safety and environmental protection;
 3. implementation of glass colour change according to the need of the market;
 4. preparing software for glass technology to implement the technology operation;
 5. analytical services for defected glass;
 6. examination of oven and main equipments and preparation of repairing proposal;
 7. examination of production table and testing devices;
 8. assistance in restoration of production after serious accident;

9. storage services;
 10. transportation services;
 11. training services for management; and
 12. brand management.
- b. The price will be determined with reference to the prevailing market price at the time of transaction.
- c. Each of Longhao Glass, Longhai Glass, Longfei Glass, Longxiang Glass and Longxin Glass shall engage the Company to conduct any research which relies on the technology solely owned by the Company. The Company shall entitle to the ownership of any new production technology for producing float flat glass and related technologies developed in the course of conducting such researches. However, during the effective period of the respective agreements, each of Longhao Glass, Longhai Glass, Longfei Glass, Longxiang Glass and Longxin Glass shall be entitled to use these new technologies for its operations in free of charge.

Conditions

Each of the Longhao Composite Services Agreements, the Longhai Composite Services Agreement, the Longfei Composite Services Agreement, the Longxiang Composite Services Agreement and the Longxin Composite Services Agreement is conditional on obtaining approval by the Independent Shareholders at the EGM as required under the Listing Rules.

PARTICULARS OF COMMUNITY SERVICES AGREEMENT

Date

24 April 2009

Parties

- (1) Luoyang Xinxing, as service provider. CLFG is entitled to control the composition of a majority of the board of directors of Luoyang Xinxing and thus Luoyang Xinxing is an associate of CLFG; and
- (2) The Company, on behalf of the Group, as customer.

Period

The Community Services Agreement shall take effect after the signing of the agreement for a period up to 31 December 2011.

Services to be provided and pricing

Luoyang Xinxing will provide community services including provision of kindergarten, management of bicycle park and public bath room to the employees of the Group. It will also provide property management services to the employees of the Group including cleaning, environmental greening work, securities, dorm management, warming system management and maintenance of public facilities etc. Luoyang Xinxing will charge the Group and the employees of the Group reasonable fees, which will be determined with reference to prevailing market rates. The price for supplying the same or similar services to third parties in Luoyang will be taken into account when determining the market price. If there is no applicable market rate, the price will be determined by adding a profit margin to the costs subject to a maximum profit margin of 5%.

BASIS OF THE RELEVANT CAPS

The following table summarises the proposed Cap amounts for the transactions contemplated under the CCT agreements for the period between the date of approving the Cap amounts to 31 December 2009 and each of the two years ending 31 December 2011:

	Historical transaction amounts	Proposed Cap amounts			
		2008	2009 ³	2010	2011
		RMB'000	RMB'000	RMB'000	RMB'000
1. Company Supply Agreement	5,804	14,025	37,172	51,670	
2. Provision of Water, Electricity and Steam Agreement	20,294	24,714	25,881	27,105	
3. CLFG Composite Services Agreement	4,023	5,000	5,000	5,000	
4. Longhao Entrusted Loan Agreement ¹	92,700	112,700	112,700	112,700	
5. Longhai Entrusted Loan Agreement ¹	136,708	181,000	181,000	181,000	
6. Longfei Entrusted Loan Agreement ¹	15,000	72,000	72,000	72,000	
7. Longhao Guarantee Agreement ²	40,000	20,000	20,000	20,000	
8. Longhai Guarantee Agreement ²	27,000	50,000	50,000	50,000	
9. Longfei Guarantee Agreement ²	52,000	10,000	10,000	10,000	
10. Longxiang Guarantee Agreement ²	21,000	30,000	30,000	30,000	
11. Longhao Raw Material Supply Agreement	208,843	553,810	573,470	300,000	
12. Longfei Raw Material Supply Agreement	43,591	172,445	357,640	368,940	
13. Longxiang Raw Material Supply Agreement	76,349	440,390	457,220	472,030	
14. Longxin Raw Material Supply Agreement	137,101	722,860	797,100	927,370	
15. Longhao Glass Supply Agreement	246,500	351,900	387,090	212,925	
16. Longfei Glass Supply Agreement	18,441	76,000	167,200	184,000	
17. Longxiang Glass Supply Agreement	58,904	189,750	208,725	229,625	

18.	Longxin Glass Supply Agreement	56,326	274,030	301,433	331,699
19.	Huayi Glass Supply Agreement	18,904	28,410	31,430	34,260
20.	Silicon Powder Supply Agreement	12,635	29,980	37,295	39,250
21.	Luoyang Land Use Right Lease Agreement	471	471	502	602
22.	Logistics Company Land Use Right Lease Agreement	1,000	2,650	3,000	3,000
23.	Longhao Composite Services Agreement	4,293	5,500	5,500	5,500
24.	Longhai Composite Services Agreement	695	900	900	900
25.	Longfei Composite Services Agreement	1,010	2,900	2,900	2,900
26.	Longxiang Composite Services Agreement	2,036	2,900	2,900	2,900
27.	Longxin Composite Services Agreement	3,142	5,000	5,000	5,000
28.	Community Services Agreement	4,190	6,430	6,850	7,250

¹ Calculated based on the average relevant month-end balance of the relevant year.

² Based on the maximum outstanding balance during the relevant year.

³ This refers to the proposed Cap amount for the period between the date of the EGM when the Cap amounts are approved to 31 December 2009.

Company Supply Agreement

The Cap amount for the Company Supply Agreement is determined based on management's internal projection of sales taking into account of (i) the anticipated increase in the market price of float flat glass products and (ii) the anticipated increase in the volume of products to be supplied. The Group began to conduct these transactions since the establishment of the Company back in 1994. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	23,308	14,896	12,552	8,398	5,804

Provision of Water, Electricity and Steam Agreement

The Cap amount for the Provision of Water, Electricity and Steam Agreement is determined based on management's internal projection on the expected value of the services to be rendered taking into account of (i) the anticipated increase in the unit price for each types of services with reference to the prevailing market price; and (ii) the anticipated increase in the supply volume for each type of services. The Group began to conduct these transactions since the establishment of the Company back in 1994. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	13,438	16,663	18,695	24,118	20,294

CLFG Composite Services Agreement

The Cap amount for the CLFG Composite Services Agreement is determined based on management's internal projection of the aggregate value of the services to be rendered and which is expected to be steady for the coming years, after taking into account (i) the expected demand and market price for technology related services; (ii) the expected demand and market price for training of armed militiamen and civil air-raid shelters services in Luoyang City and relevant regulations of the PRC; and (iii) the expected demand and market price for advertising services in Luoyang City. The Group began to conduct these transactions since the establishment of the Company back in 1994. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	11,845	2,037	4,403	4,414	4,023

Longhao Entrusted Loan Agreement

The Cap amount for the Longhao Entrusted Loan Agreement is determined based on (i) the previous entrusted loan amounts (based on the average monthly balance) and (ii) the Company's internal projection on Longhao Glass's business growth. The interest to be payable each year is based on the loan basic interest rates set by PBOC and the permitted range of floating interest rates for financial institutions set by PBOC at the time of providing the loans. The Company began to conduct these transactions since 2006 and has received interests with reference to the rates set by PBOC. Based on the average month-end figures of the relevant years, the historical transaction amounts (inclusive of interests accrued) for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	56,007	94,700	92,700

Longhai Entrusted Loan Agreement

The Cap amount for the Longhai Entrusted Loan Agreement is determined based on (i) the previous entrusted loan amounts (based on the average monthly balance) and (ii) the Company's internal projection on Longhai Glass's business growth. The interest to be payable each year is based on the loan basic interest rates set by PBOC and the permitted range of floating interest rates for financial institutions set by PBOC at the time of providing the loans. The Company began to conduct these transactions since 2006 and has received interests with reference to the rates set by PBOC. Based on the average month-end figures of the relevant years, the historical transaction amounts (inclusive of interests accrued) for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	31,583	84,750	136,708

Longfei Entrusted Loan Agreement

The Cap amount for the Longfei Entrusted Loan Agreement is determined based on (i) the previous entrusted loan amounts (based on the average monthly balance) and (ii) the Company's internal projection on Longfei Glass's business growth. The interest payable each year is based on the loan basic interest rates set by PBOC and the permitted range of floating interest rates for financial institutions set by PBOC at the time of providing the loans. The Company began to conduct these transactions since the establishment of Longfei Glass back in 2000 and has received interests with reference to the rates set by PBOC. Based on the average month-end figures of the relevant years, the historical transaction amounts (inclusive of interests accrued) for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	17,250	15,000	15,417	15,750	15,000

Longhao Guarantee Agreement

The Cap amount for the Longhao Guarantee Agreement is determined based on management's expectation with reference to (i) the previous guarantee amounts (based on year-end outstanding amount) by the Company, (ii) the Company's internal projection on Longhao Glass's business growth and (iii) the business development of the Company. The Company began to conduct these transactions since 2005. Based on the maximum outstanding amounts during the relevant years, the historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	25,000	40,000	50,000	40,000

Longhai Guarantee Agreement

The Cap amount for the Longhai Guarantee Agreement is determined based on management's expectation with reference to (i) the previous guarantee amounts (based on year-end outstanding amount) by the Company; (ii) the Company's internal projection on Longhai Glass's business growth; and (iii) the business development of the Company. The Company began to conduct these transactions since 2005. Based on the maximum outstanding amounts during the relevant years, the historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	6,000	26,000	19,500	27,000

Longfei Guarantee Agreement

The Cap amount for the Longfei Guarantee Agreement is determined based on management's expectation with reference to (i) the previous guarantee amounts (based on year-end outstanding amount) by the Company, (ii) the Company's internal projection on Longfei Glass's business growth and (iii) the business development of the Company. The Company began to conduct these transactions since the establishment of Longfei Glass in 2000. Based on the maximum outstanding amount during the relevant years, the historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	12,000	25,000	82,000	57,000	52,000

Longxiang Guarantee Agreement

The Cap amount for the Longxiang Guarantee Agreement is determined based on management's expectation with reference to (i) the Company's internal projection on Longxiang Glass's business growth and (ii) the business development of the Company. The Company began to conduct these transactions since 2008. Based on the maximum outstanding amounts during the relevant years, the historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	nil	21,000

Longhao Raw Material Supply Agreement

The Cap amount for the Longhao Raw Material Supply Agreement is determined based on management's internal projection on the expected value of the raw materials to be sourced on behalf of Longhao Glass taking into account of (i) the expected demand of raw materials by Longhao Glass, and (ii) the expected increase in the price of the raw materials. The Company began to conduct these transactions since 2006. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	13,022	422	208,843

Longfei Raw Material Supply Agreement

The Cap amount for the Longfei Raw Material Supply Agreement is determined based on management's internal projection on the expected value of the raw materials to be sourced on behalf of Longfei Glass taking into account of (i) the expected demand of raw materials by Longfei Glass, and (ii) the expected increase in the price of the raw materials. The Company began to conduct these transactions since 2007. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	2,093	43,591

Longxiang Raw Material Supply Agreement

The Cap amount for the Longxiang Raw Material Supply Agreement is determined based on management's internal projection on the expected value of the raw materials to be sourced on behalf of Longxiang Glass taking into account of (i) the expected demand of raw materials by Longxiang Glass, and (ii) the expected increase in the price of the raw materials. The Company began to conduct these transactions since 2008. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	nil	76,349

Longxin Raw Material Supply Agreement

The Cap amount for the Longxin Raw Material Supply Agreement is determined based on management's internal projection on the expected value of the raw materials to be sourced on behalf of Longxin Glass taking into account of (i) the expected demand of raw materials by Longxin Glass, and (ii) the expected increase in the price of the raw materials. The Company began to conduct these transactions since 2008. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	nil	137,101

As mentioned in the section headed "Particulars of Longhao Raw Material Supply Agreement, Longfei Raw Material Supply Agreement, Longxiang Raw Material Supply Agreement and Longxin Raw Material Supply Agreement" above, in order to achieve greater economies of scale and leverage on the stronger bargaining power with the suppliers, the Group adopted a centralised approach whereby the Company would source raw materials on behalf of its subsidiaries then subsequently supply the raw materials to its subsidiaries. Accordingly, the Caps for each of the Longhao Raw Material Supply Agreement, the Longfei Raw Material Supply Agreement, the Longxiang Raw Material Supply Agreement and the Longxin Raw Material Supply Agreement will be significantly higher than their respective historical transaction amounts.

Longhao Glass Supply Agreement

The Cap amount for the Longhao Glass Supply Agreement is determined based on management's internal projection on the expected value of the goods to be sold on behalf of Longhao Glass taking into account of (i) the expected demand of the products to be supplied by Longhao Glass, and (ii) the expected increase in the selling price of the float flat glass in the PRC with reference to the prevailing market price. The Company began to conduct these transactions since 2006. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	12,529	17,264	246,500

Longfei Glass Supply Agreement

The Cap amount for the Longfei Glass Supply Agreement is determined based on management's internal projection on the expected value of the goods to be sold on behalf of Longfei Glass taking into account of (i) the expected demand of the products to be supplied by Longfei Glass, and (ii) the expected increase in the selling price of the float flat glass in the PRC with reference to the prevailing market price. The Company began to conduct these transactions since the establishment of Longfei back in 2000. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	9,343	7,742	949	1,067	18,441

Longxiang Glass Supply Agreement

The Cap amount for the Longxiang Glass Supply Agreement is determined based on management's internal projection on the expected value of the goods to be sold on behalf of Longxiang Glass taking into account of (i) the expected demand of the products to be supplied by Longxiang Glass, and (ii) the expected increase in the selling price of the float flat glass in the PRC with reference to the market price. The Company began to conduct these transactions since 2007. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	791	58,904

Longxin Glass Supply Agreement

The Cap amount for the Longxin Glass Supply Agreement is determined based on management's internal projection on the expected value of the goods to be sold on behalf of Longxin Glass taking into account of (i) the expected demand of the products to be supplied by Longxin Glass, and (ii) the expected increase in the selling price of the float flat glass in the PRC with reference to the prevailing market price. The Company began to conduct these transactions since 2004. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	23,726	68,343	110,065	88,681	56,326

As mentioned in the section headed "Particulars of Longhao Glass Supply Agreement, Longfei Glass Supply Agreement, Longxiang Glass Supply Agreement and Longxin Glass Supply Agreement" above, in order to achieve greater economies of scale and leverage on the stronger bargaining power with the customers, the Group decided to adopt a centralised approach in selling its products whereby the relevant subsidiaries would supply the products to the Company who would subsequently sell the products for them on behalf. Accordingly, the Caps for the Longhao Glass Supply Agreement, the Longfei Glass Supply Agreement, the Longxiang Glass Supply Agreement and the Longxin Glass Supply Agreement will be significantly higher than their respective historical transaction amounts.

Huayi Glass Supply Agreement

The Cap amount for the Huayi Glass Supply Agreement is determined based on management's internal projection on the expected value of the goods to be sold to Huayi Glass taking into account of (i) the expected demand of such products by Huayi Glass, and (ii) the expected increase in the selling price of the A-grade super-thin float flat glass in the PRC with reference to the prevailing market price. These transactions became continuing connected transactions of the Company in 2007. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	23,102	18,904

Silicon Powder Supply Agreement

The Cap amount for the Silicon Powder Supply Agreement is determined based on management's internal projection on the expected value of the silicon powder to be supplied by CLFG Mineral Company taking into account (i) the production expansion plan of the Company; (ii) the selling price and consumed amount in the previous three years; and (iii) the expected increase in the price of the silicon powder. The Company began to conduct these transactions since the establishment of the Company in 1994. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	17,836	9,242	12,205	11,143	12,635

Luoyang Land Use Right Lease Agreement

The Cap amount for the Luoyang Land Use Right Lease Agreement is determined based on (i) the transaction amounts in the past three years; (ii) the aggregate area of the two pieces of land being leased; and (iii) the prevailing rental of similar land properties in the same district within Luoyang City. The Company began to conduct these transactions since the establishment of the Company in 1994. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	580	580	580	581	471

Logistics Company Land Use Right Lease Agreement

The Cap amount for the Logistics Company Land Use Right Lease Agreement is determined based on (i) the area of the land being leased and (ii) the prevailing rental of similar land properties in the same district within Luoyang City. The Company began to conduct this transaction since 2008. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	nil	1,000

Longhao Composite Services Agreement

The Cap amount for the Longhao Composite Services Agreement is determined with reference to (i) the previous transaction amounts in the past three years; (ii) the expected demand of such services to be rendered by the Company for Longhao Glass; and (iii) the prevailing market price for these services in Luoyang City. The Company began to conduct these transactions since 2006. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	799	4,273	4,293

Longhai Composite Services Agreement

The Cap amount for the Longhai Composite Services Agreement is determined with reference to (i) the previous transaction amounts in the past three years; (ii) the expected demand of such services to be rendered by the Company for Longhai Glass; and (iii) the prevailing market price for these services in Luoyang City. The Company began to conduct these transactions since 2007. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	nil	704	695

Longfei Composite Services Agreement

The Cap amount for the Longfei Composite Services Agreement is determined with reference to (i) the previous transaction amounts in the past three years; (ii) the expected demand of such services to be rendered by the Company for Longfei Glass; and (iii) the prevailing market price for these services in Luoyang City. The Company began to conduct these transactions since 2006. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	480	2,438	1,010

Longxiang Composite Services Agreement

The Cap amount for the Longxiang Composite Services Agreement is determined with reference to (i) the previous transaction amounts in the past three years; (ii) the expected demand of such services to be rendered by the Company for Longxiang Glass; and (iii) the prevailing market price for these services in Luoyang City. The Company began to conduct these transactions since 2006. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	nil	100	2,233	2,036

Longxin Composite Services Agreement

The Cap amount for the Longxin Composite Services Agreement is determined with reference to (i) the previous transaction amounts in the past three years, (ii) the expected demand of such services to be rendered by the Company for Longxin Glass and (iii) the prevailing market price for these services in Luoyang City. The Company began to conduct these transactions since 2005. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	nil	4,550	5,472	2,240	3,142

Community Services Agreement

The Cap amount for the Community Services Agreement is determined with reference to (i) the previous transaction amounts in the past three years; (ii) the nature of the services to be rendered by Luoyang Xinxing; and (iii) the prevailing market price for such services in Luoyang City. The Company began to conduct these transactions since the establishment of the Company back in 1994. The historical transaction amounts for the five years ended 31 December 2008 were as follows:

	2004	2005	2006	2007	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	6,016	5,210	5,258	5,313	4,190

INFORMATION AND RELATIONSHIP OF THE PARTIES TO THE CCT AGREEMENTS

The Group is principally engaged in the production and sale of float sheet glass and reprocessed automobile glass.

CLFG, the Company's controlling shareholder, is principally engaged in the production of glass, related raw materials and equipment, import, export and domestic sale of glass, processing technology, design and sub-contracting of engineering works, labour export, provision of industrial production material (excluding those under control of the state), technological services, consultation services and goods transportation.

CNBMG is the controlling shareholder of CLFG and the ultimate controlling shareholder of the Company. The principal operations of CNBMG include research and development, wholesale and retail of building materials (including steel products and timber, but only limited to procurement and supply directly to the enterprises under its system), auxiliary raw materials and production equipment, supply of small cars under the plan of its system; contraction of design and construction of new-model building material houses, factories and ornament and decoration engineering.

CLFG Finance Company is a subsidiary of CLFG and a non-bank finance company approved and regulated by the PBOC and the China Banking Regulatory Commission, and is principally engaged in the provision of financial services.

Longhao Glass is principally engaged in the business of production and sale of float sheet glass. Its 80% and 20% shareholdings are owned by the Company and CLFG respectively.

Longhai Glass is principally engaged in the business of production and sale of float sheet glass. Its 80% and 20% shareholdings are owned by the Company and CLFG respectively.

Longfei Glass is principally engaged in the business of production and sale of float sheet glass. Its 54% and 10% shareholdings are owned by the Company and CLFG respectively.

Longxiang Glass is principally engaged in the business of production and sale of float sheet glass. Longfei Glass owned 40% shareholding of Longxiang Glass. Upon completion of the Longxiang Equity Acquisition in January 2009, Longxiang Glass became a wholly owned subsidiary of Longfei Glass.

Longxin Glass is principally engaged in production and sale of float sheet glass. CLFG owns 50% shareholding of Longxin Glass. On 22 October 2007, the Company and CLFG entered into a share transfer agreement with CLFG whereby the Company agreed to conditionally acquire from CLFG such 50% equity interest in Longxin Glass for a cash consideration of RMB35,000,000. The acquisition, which constituted a discloseable and connected transaction within the meaning of Chapters 14 and 14A of the Listing Rules, was duly approved by independent shareholders of the Company on 18 December 2007. As at the date of this announcement, given that certain conditions precedent of the share transfer agreement in respect of proposed acquisition have yet to be satisfied, the agreement has not been completed. Both parties to the agreement have agreed in writing to extend the original long stop date for completion from 31 March 2008 to 30 September 2009. At present and prior to completion of the share transfer agreement, the equity capital of Longxin Glass continues to be held as to 50% by CLFG and 50% by Xinan Fada Construction Investment Company Limited (新安縣發達建設投資有限公司), an independent party not connected with the Company or its connected persons. As such, Longxin Glass remains a connected person of the Company before completion of the share transfer agreement.

Longmen Glass is a non-wholly owned subsidiary of the Company and is principally engaged in the business of production and sale of float sheet glass.

Huayi Glass is an associate of CNBMG and principally engaged in the business of production and sale of ITO conductive coating glass, vacuum coated glass, and relevant machinery and equipment and electrical products.

CLFG Mineral Company is a subsidiary of CLFG and principally engaged in the business of manufacturing and sale of silicon material and products.

Logistics Company is a wholly-owned subsidiary of CLFG and principally engaged in the warehousing storage (excluding dangerous goods), allocation and transportation of goods, logistics information services, consultation of logistic system design, consultation services of glass processing technology, sale of glass and related raw materials, steels, building materials and various metals in the PRC.

Luoyang Xinxing, an enterprise controlled by CLFG, is principally engaged in the business of property management. CLFG is entitled to control the composition of the majority of the board of directors of Luoyang Xinxing and thus Luoyang Xinxing is an associate of CLFG.

In light of the above, CLFG, CNBMG, Huayi Glass, CLFG Mineral Company and Luoyang Xinxing are regarded as connected persons of the Company. CLFG is a substantial shareholder of each of Longhao Glass, Longhai Glass, Longfei Glass, Longxiang Glass and Longxin Glass and which are therefore connected persons of the Company.

LISTING RULES IMPLICATIONS OF THE CONTINUING CONNECTED TRANSACTIONS

As the CCT Agreements were entered into between the Company or its subsidiaries and CLFG or its subsidiaries or the associate of the Company's ultimate controlling shareholder, CNBMG, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Exempt Continuing Connected Transaction

Each of the applicable percentage ratios for the Luoyang Land Use Right Lease Agreement is less than 0.1% and the annual consideration is less than HK\$1,000,000. As such, the entering into of the Luoyang Land Use Right Lease Agreement constitutes a continuing connected transaction exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and the disclosure made herein is on a voluntary basis.

Continuing Connected Transactions subject to reporting and announcement requirements only

Since each of the applicable percentage ratios for the CLFG Composite Services Agreement, the Community Services Agreement and the Logistics Company Land Use Right Lease Agreement is equal to or more than 0.1% but less than 2.5%, the entering into of these agreements constitutes continuing connected transactions which are subject to reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Non-exempt Continuing Connected Transactions

Since each of the applicable percentage ratios for the Non-exempt CCT Agreements other than the Longhao Composite Services Agreement, the Longhai Composite Services Agreement, the Longfei Composite Services Agreement, the Longxiang Composite Services Agreement and the Longxin Composite Services Agreement on an annual basis exceeds 2.5% and their respective annual consideration is more than HK\$10,000,000, the entering into each of the Non-exempt CCT Agreements (except for each of the Longhao Composite Services Agreement, the Longhai Composite Services Agreement, the Longfei Composite Services Agreement, the Longxiang Composite Services Agreement and the Longxin Composite Services Agreement) constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

As for the Longhao Composite Services Agreement, the Longhai Composite Services Agreement, the Longfei Composite Services Agreement, the Longxiang Composite Services Agreement and the Longxin Composite Services Agreement, the applicable percentage ratio for each of which is less than 2.5%. However, given these agreements are considered similar in nature and are entered into with the same group of connected persons, for the purpose of calculating the relevant applicable percentage ratios, the transactions contemplated thereunder shall be aggregated. After aggregation, their applicable percentage ratios on an annual basis exceed 2.5% and the aggregate annual consideration for these agreements is more than HK\$10,000,000. As such, the entering into of the Longhao Composite Services Agreement, the Longhai Composite Services Agreement, the Longfei Composite Services Agreement, the Longxiang Composite Services Agreement and the Longxin Composite Services Agreement constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

In addition, the transactions contemplated under each of the Longhao Entrusted Loan Agreement, the Longhai Entrusted Loan Agreement, the Longfei Entrusted Loan Agreement, the Longhao Guarantee Agreement, the Longhai Guarantee Agreement, the Longfei Guarantee Agreement and the Longxiang Guarantee Agreement also constitute non-exempt financial assistances under Rule 14A.63 of the Listing Rules.

On the basis set out above, the transactions as contemplated under each of the Non-exempt CCT Agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) EGM

The Company will convene an EGM for the purpose of seeking Independent Shareholders' approval for the Non-exempt CCT Agreements and their respective proposed Cap amounts in relation to the Non-exempt Continuing Connected Transactions. According to the Listing Rules, CLFG, together with its associates with interests in the Non-exempt Continuing Connected Transactions will abstain from voting at the EGM in this regard. The votes to be taken at the EGM will be taken by poll.

GENERAL

The Independent Board Committee will be established to consider the terms of each of the Non-exempt CCT Agreements and the respective proposed Cap amounts and to advise the Independent Shareholders as to whether each of the Non-exempt CCT Agreements are on normal commercial terms, fair and reasonable and in the interests of both the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Non-exempt CCT Agreements, the recommendation of the Independent Board Committee and the letter of advice from an independent financial adviser, together with a notice convening the EGM for approving the Non-exempt CCT Agreements and the respective proposed Cap amounts in relation to the transactions contemplated thereunder will be despatched to the Shareholders as soon as possible.

DEFINITIONS

“associates”	has the same meaning as ascribed to the Listing Rules;
“Board”	the board of directors of the Company from time to time;
“Cap(s)”	the maximum aggregated annual values of the Non-exempt Continuing Connected Transactions for each of the years between 2009 and 2011;

“CCT Agreements”	A total of 28 agreements, being Company Supply Agreement, Provision of Water, Electricity and Steam Agreement, CLFG Composite Services Agreement, Longhao Entrusted Loan Agreement, Longhai Entrusted Loan Agreement, Longfei Entrusted Loan Agreement, Longhao Guarantee Agreement, Longhai Guarantee Agreement, Longfei Guarantee Agreement, Longxiang Guarantee Agreement, Longhao Raw Material Supply Agreement, Longfei Raw Material Supply Agreement, Longxiang Raw Material Supply Agreement, Longxin Raw Material Supply Agreement, Longhao Glass Supply Agreement, Longfei Glass Supply Agreement, Longxiang Glass Supply Agreement, Longxin Glass Supply Agreement, Huayi Glass Supply Agreement, Silicon Powder Supply Agreement, Luoyang Land Use Right Lease Agreement, Logistics Company Land Use Right Lease Agreement, Longhao Composite Services Agreement, Longhai Composite Services Agreement, Longfei Composite Services Agreement, Longxiang Composite Services Agreement, Longxin Composite Services Agreement and Community Services Agreement (as the context may require);
“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 limited liability company incorporated in the PRC and the controlling shareholder of the Company holding a 35.8% equity interest in the Company;
“CLFG Composite Services Agreement”	the composite services agreement dated 24 April 2009 entered into between CLFG as supplier and the Company as customer, pursuant to which CLFG agreed to provide certain welfare and other services to the Company;
“CLFG Finance Company”	中國洛陽浮法玻璃集團財務有限責任公司 (CLFG Finance Company Limited*), a limited liability company incorporated in the PRC and a subsidiary of CLFG;
“CLFG Group”	CLFG and its subsidiaries/controlled companies/entities;

“CLFG Mineral Company”	中國洛陽浮法玻璃集團礦產有限公司(CLFG Mineral Company Limited*), a limited liability company incorporated in the PRC, 40.29% and 59.71% shareholding of which is owned by the Company and CLFG respectively;
“CLFG Xinxing Company”	洛玻集團新興實業開發有限責任公司(CLFG Xinxing Development Company Limited*), a limited liability company incorporated in the PRC and a subsidiary of CLFG;
“CNBMG”	China National Building Material Group Corporation, a wholly State-owned enterprise incorporated in the PRC and the ultimate controller of the Company;
“Community Services Agreement”	the community composite services framework agreement dated 24 April 2009 entered into between Luoyang Xinxing (a subsidiary of CLFG), as supplier and the Company, on behalf of the Group, as customer, pursuant to which CLFG Group agreed to provide certain community services to the Group;
“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);
“Company Supply Agreement”	the float glass sale and purchase framework agreement dated 24 April 2009 entered into between the Company, on behalf of the Group, as supplier and CLFG, on behalf of CLFG Group, as purchaser, pursuant to which the Group agreed to sell its products to CLFG Group;
“connected person”	has the same meaning as ascribed to the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under each of the CCT Agreements (as the context may require);
“Connected Transactions”	the Longmen Longhai Raw Material Transaction, the Longmen Longhao Raw Material Transaction and the Longhai Longmen Shattered Glass Transaction;

“Directors”	the directors of the Company, including the independent non-executive directors;
“EGM”	an extraordinary general meeting of the Company proposed to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Non-exempt CCT Agreements and their respective proposed Cap amounts in relation to the transactions contemplated thereunder;
“Financial Services Transaction”	the continuing connected transaction conducted between the Company, on behalf of the Group and CLFG Finance Company before CLFG Finance Company ceased to be a connected person, where CLFG Finance Company provided certain financial services to the Group since 1994;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huayi Glass”	安徽省蚌埠華益導電膜玻璃有限公司 (Anhui Province Bangbu Huayi Glass Company Limited*), a limited liability company incorporated in the PRC and an associate of CNBMG;
“Huayi Glass Supply Agreement”	the super-thin float glass sale and purchase contract dated 24 April 2009 entered into between Longhai Glass as supplier and Huayi Glass as purchaser, pursuant to which Longhai Glass agreed to sell its super-thin float glass to Huayi Glass;
“Independent Board Committee”	an independent board committee of the Company comprising of all the independent non-executive Directors;
“Independent Shareholders”	Shareholders other than CLFG and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Logistics Company”	洛陽洛玻倉儲物流有限公司 (Luoyang CLFG Storage and Logistics Company Limited*), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of CLFG;
“Logistics Company Land Use Right Lease Agreement”	the land use right lease agreement dated 24 April 2009 entered into between the Logistics Company as lessor and the Company as lessee, pursuant to which the Logistics Company agreed to lease land use rights of a piece of land to the Company;
“Longfei Composite Services Agreement”	the composite services contract dated 24 April 2009 entered into between the Company as services provider and Longfei Glass as customer, pursuant to which the Company agreed to provide technology, staff training, transportation and storage services to Longfei Glass;
“Longfei Entrusted Loan Agreement”	the agreement dated 24 April 2009 entered into between the Company and Longfei Glass, pursuant to which the Company agreed to provide entrusted loans to Longfei Glass;
“Longfei Glass”	洛玻集團龍飛玻璃有限公司 (CLFG Longfei Glass Company Limited*), a limited liability company incorporated in the PRC, 54% and 10% shareholding of which is owned by the Company and CLFG respectively;
“Longfei Glass Supply Agreement”	the supply contract dated 24 April 2009 entered into between the Longfei Glass as supplier and the Company as purchaser, pursuant to which Longfei Glass agreed to sell its products to the Company;
“Longfei Guarantee Agreement”	the guarantee contract dated 24 April 2009 entered into between the Company and Longfei Glass, pursuant to which the Company agreed to provide guarantees to Longfei Glass;
“Longfei Longxiang Loan Transaction”	the continuing connected transaction conducted between Longfei Glass and Longxiang Glass, where Longfei Glass provided a loan to Longxiang Glass during the period from 2006 to 2008;

“Longhai Composite Services Agreement”	the composite services contract dated 24 April 2009 entered into between the Company as services provider and Longhai Glass as customer, pursuant to which the Company agreed to provide technology, staff training, transportation and storage services to Longhai Glass;
“Longhai Entrusted Loan Agreement”	the agreement dated 24 April 2009 entered into between the Company and Longhai Glass, pursuant to which the Company agreed to provide entrusted loans to Longhai Glass;
“Longhai Glass”	洛玻集團洛陽龍海電子玻璃有限公司(CLFG Luoyang Longhai Electric Glass Company Limited*), a limited liability company incorporated in the PRC, 80% and 20% shareholding of which is owned by the Company and CLFG respectively;
“Longhai Glass Supply Transaction”	the continuing connected transaction conducted between Longhai Glass as supplier and the Company as purchaser, where Longhai Glass sold its products to the Company during the period from 2006 to 2008;
“Longhai Guarantee Agreement”	the guarantee contract dated 24 April 2009 entered into between the Company and Longhai Glass, pursuant to which the Company agreed to provide guarantees to Longhai Glass;
“Longhai Longmen Shattered Glass Transaction”	the connected transaction conducted between Longhai Glass and Longmen Glass in 2008, where Longhai Glass sold shattered glass to Longmen Glass;
“Longhai Raw Material Supply Transaction”	the continuing connected transaction conducted between the Company as supplier and Longhai Glass as purchaser, where the Company provided certain raw materials to Longhai Glass in 2006 and 2008;
“Longhao Composite Services Agreement”	the composite services contract dated 24 April 2009 entered into between the Company as services provider and Longhao Glass as customer, pursuant to which the Company agreed to provide technology, staff training, transportation and storage services to Longhao Glass;

“Longhao Entrusted Loan Agreement”	the agreement dated 24 April 2009 entered into between the Company and Longhao Glass, pursuant to which the Company agreed to provide entrusted loans to Longhao Glass;
“Longhao Glass”	洛玻集團洛陽龍昊玻璃有限責任公司(CLFG Luoyang Longhao Glass Company Limited*), a limited liability company incorporated in the PRC, 80% and 20% shareholding of which is owned by the Company and CLFG respectively;
“Longhao Glass Supply Agreement”	the supply contract dated 24 April 2009 entered into between the Longhao Glass as supplier and the Company as purchaser, pursuant to which Longhao Glass agreed to sell its products to the Company;
“Longhao Guarantee Agreement”	the guarantee contract dated 24 April 2009 entered into between the Company and Longhao Glass, pursuant to which the Company agreed to provide guarantees to Longhao Glass;
“Longhao Raw Material Supply Agreement”	the raw material and fuel purchase contract dated 24 April 2009 entered into between the Company as supplier and Longhao Glass as purchaser, pursuant to which the Company agreed to provide certain raw materials to Longhao Glass;
“Longmen Glass”	洛玻集團龍門玻璃有限責任公司(CLFG Longmen Glass Company Limited*), a limited liability company incorporated in the PRC and a subsidiary of the Company;
“Longmen Longhai Raw Material Transaction”	the connected transaction conducted between Longmen Glass and Longhai Glass in 2008, where Longmen Glass sold certain raw materials to Longhai Glass;

“Longmen Longhao Raw Material Transaction”	the connected transaction conducted between Longmen Glass and Longhao Glass in 2008, where Longmen Glass sold certain raw materials to Longhao Glass;
“Longxiang Composite Services Agreement”	the composite services contract dated 24 April 2009 entered into between the Company as services provider and Longxiang Glass as customer, pursuant to which the Company agreed to provide technology, staff training, transportation and storage services to Longxiang Glass;
“Longxiang Equity Acquisition”	the acquisition of an aggregate 60% equity interest in Longxiang Glass by Longfei Glass from 13 of the then independent shareholders of Longxiang Glass. The acquisition was completed in January 2009;
“Longxiang Glass”	洛玻集團龍翔玻璃有限公司 (CLFG Luoyang Longxiang Glass Company Limited*), a limited liability company incorporated in the PRC, a wholly owned subsidiary of Longfei Glass. Before completion of the Longxiang Equity Acquisition, Longfei Glass owned 40% shareholding of Longxiang Glass;
“Longxiang Glass Supply Agreement”	the supply contract dated 24 April 2009 entered into between the Longxiang Glass as supplier and the Company as purchaser, pursuant to which Longxiang Glass agreed to sell its products to the Company;
“Longxiang Guarantee Agreement”	the guarantee contract dated 24 April 2009 entered into between the Company and Longxiang Glass, pursuant to which the Company agreed to provide guarantees to Longxiang Glass;
“Longxiang Raw Material Supply Agreement”	the raw material purchase contract dated 24 April 2009 entered into between the Company as supplier and Longxiang Glass as purchaser, pursuant to which the Company agreed to provide certain raw materials to Longxiang Glass;

“Longxin Composite Services Agreement”	the composite services contract dated 24 April 2009 entered into between the Company as services provider and Longxin Glass as customer, pursuant to which the Company agreed to provide technology, staff training, transportation and storage services to Longxin Glass;
“Longxin Glass”	洛玻集團洛陽龍新玻璃有限公司 (CLFG Luoyang Longxin Glass Company Limited*), a limited liability company incorporated in the PRC, 50% shareholding of which is owned by CLFG;
“Longxin Glass Supply Agreement”	the supply contract dated 24 April 2009 entered into between Longxin Glass as supplier and the Company as purchaser, pursuant to which Longxin Glass agreed to sell its products to the Company;
“Longxin Raw Material Supply Agreement”	the raw material purchase contract dated 24 April 2009 entered into between the Company as supplier and Longxin Glass as purchaser, pursuant to which the Company agreed to provide certain raw materials to Longxin Glass;
“Luoyang Land Use Right Lease Agreement”	the land use right lease framework agreement dated 24 April 2009 entered into between the Company as lessor and CLFG, on behalf of CLFG Group, as lessee, pursuant to which the Company agreed to lease land use rights of two pieces of land to CLFG;
“Luoyang Xinxing”	洛陽新興物業管理有限公司 (Luoyang Xinxing Property Management Company Limited*), a limited liability company incorporated in the PRC and a subsidiary of CLFG;

“Non-exempt CCT Agreements”	A total of 24 CCT Agreements being the CCT Agreements other than the CLFG Composite Services Agreement, the Community Services Agreement, the Luoyang Land Use Right Lease Agreement and the Logistics Company Land Use Right Lease Agreement, the entering into of each of which constitutes non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, which, together with the respective Caps, is subject to the reporting, announcement and Independent Shareholders’ approval requirements;
“Non-exempt Continuing Connected Transactions”	the continuing connected transactions contemplated under each of the Non-exempt CCT Agreements (as the context may require), which are subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules;
“PBOC”	People’s Bank of China;
“percentage ratio”	has the meaning ascribed to this term under the Listing Rules, as application to a transaction;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan;
“Provision of Water, Electricity and Steam Agreement”	the provision of water, electricity and steam framework agreement dated 24 April 2009 entered into between the Company as supplier and CLFG, on behalf of CLFG Group, as purchaser, pursuant to which the Company agreed to provide water, electricity and steam to CLFG Group;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) of par value RMB1.00 each of the Company;
“Shareholder(s)”	registered holder(s) of the Shares;

“Silicon Powder Supply Agreement”	the silicon powder sale and purchase framework contract dated 24 April 2009 entered into between CLFG Mineral Company, as supplier and the Company, on behalf of the Group, as purchaser, pursuant to which CLFG Mineral Company agreed to provide certain raw materials to the Group;
“State Price”	mandatory price set by the central government of the PRC; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board

Gao Tianbao

Chairman

Luoyang, the PRC

24 April 2009

As at the date of this announcement, the Board comprises five executive Directors: Mr. Gao Tianbao, Mr. Xie Jun, Mr. Cao Mingchun, Mr. Song Jianming and Ms. Song Fei, one non-executive Director: Mr. Shen Anqin, and four independent non-executive Directors: Mr. Zhang Zhanying, Mr. Guo Aimin, Mr. Xi Shengyang and Mr. Ge Tieming.

* *For identification purpose only*