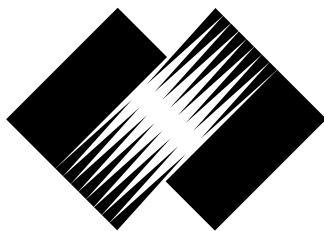


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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

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

(Stock Code: 1108)

**ANNOUNCEMENT ON RELEVANT EXTRACTS
OF THE REPORT ON ACQUISITION OF
LUOYANG GLASS COMPANY LIMITED**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Reference is made to the Company's announcements dated 12 July 2010 and 21 July 2010.

In respect of the agreement of China National Building Material Group Corporation (“**CNBMG**”), the ultimate controller of the Company, to transfer 51.70% equity interest in China Luoyang Float Glass (Group) Company Limited (“**CLFG**”), the immediate controlling shareholder of the Company, to China Building Material Glass Company (“**CBM Glass**”) at nil consideration (the “**Acquisition**”), CBM Glass has issued a “Report On Acquisition of Luoyang Glass Company Limited” (the “**Acquisition Report**”). The Company hereby announces the relevant extracts of the Acquisition Report as follows:

I. THE PLAN IN RESPECT OF THE DISPOSAL OF EQUITY INTEREST IN THE COMPANY IN THE NEXT 12 MONTHS

1. CBM Glass plans to use the Company as the main basis to establish the float glass business development platform. In order to avoid business competition, CBM Glass may consider acquiring additional equity interest in the Company depending on the needs of the Company. However, there is no specific plan presently.
2. CBM Glass has no arrangement to dispose equity interest in the Company within 12 months after completion of the Acquisition.

II. CBM GLASS’S PLANS TO CHANGE OR ADJUST THE PRINCIPAL BUSINESS OF THE COMPANY

CBM Glass has no plans to change or adjust the principal business of the Company within 12 months after completion of the Acquisition.

III. CBM GLASS’S PLANS TO DISPOSE THE ASSETS AND LIABILITIES OF THE COMPANY

CBM Glass may adjust the assets and liabilities of the Company within 12 months after completion of the Acquisition. However, there is no disposal plan presently.

IV. CBM GLASS’S PLANS TO CHANGE THE COMPOSITION OF THE BOARD AND SENIOR MANAGEMENT OF THE COMPANY

CBM Glass has no plans to change the composition of the Board and senior management of the Company as a result of the Acquisition.

V. CBM GLASS'S PLANS TO AMEND THE ARTICLES OF ASSOCIATION OF THE COMPANY

Presently, CBM Glass has no plans to make material amendments to the Articles of Association of the Company.

VI. CBM GLASS'S ARRANGEMENT TO THE EXISTING STAFF OF THE COMPANY

CBM Glass has no plans to make material adjustment to the staff of the Company as a result of the Acquisition.

VII. CBM GLASS'S PLANS TO MAKE MATERIAL CHANGES TO THE DIVIDEND POLICY OF THE COMPANY

CBM Glass has no plans to adjust the dividend policy of the Company.

VIII. OTHER PLANS WHICH HAVE MATERIAL EFFECTS ON THE COMPANY

Presently, CBM Glass has no other plans which would have material effects on the Company.

IX. INDEPENDENCE IN PERSONNEL, ASSETS AND FINANCE

1. Upon completion of the Acquisition, CBM Glass and the Company will continue to maintain their respective independent corporate operation systems, which will ensure that CBM Glass and the Company will be independent from each other in terms of personnel, assets and finance.

The Acquisition will neither change the current shareholding structure of the Company nor affect the Company's ability to operate independently. The Company will maintain independence in such aspects as procurement, production, sales and intellectual property rights.

CBM Glass shall exercise its rights through the Board and general meetings of the Company and assume its corresponding obligations in strict compliance with the relevant laws and regulations and the Company's Articles of Association.

2. To further ensure the independence of the Company, CBM Glass has specifically issued a “CBM Glass’s Undertaking to Ensure the Independence of the Listed Company”, which guarantees the Company’s independence in personnel, assets, finance, organization and business.

X. BUSINESS COMPETITION

1. CBM Glass is an industrial platform encompassing the design, production and sale of glass, the mining and selection of mine resources and the processing of its products as well as the research and development, production, manufacturing and sale of mineral products, mining facilities and construction and ceramic materials.

One of the purposes of the Acquisition is to effectively and progressively resolve the problem of business competition among the glass subsidiaries of CNBMG. The Company has advantages in technology and brand, and its production process and whole set of technology and equipments attain advanced standard in China. The Company will be positioned by CBM Glass as a platform to integrate the glass subsidiaries of CNBMG in the future, in order to further unify CNBMG’s glass business, enhance the overall competitiveness in the glass industry and eliminate business competition among the glass manufacturers grouped under CNBMG.

2. Other connected companies

CNBMG has three glass research and design institutes with A-grade design qualification, mainly engaged in technology research, engineering design of glass production lines and general contracting business services related to glass production. It is capable of providing strong technology support to the development of CBM Glass, but it will not compete with the Company’s business.

Anhui Huaguang Glass Group Company Limited (安徽華光玻璃集團有限公司) (“**Huaguang Group**”) and CLFG, as holding companies, are not directly engaged in production activities. Accordingly, they do not compete with the Company’s business.

At present, the Company and CLFG Luoyang Longxin Glass Company Limited (洛玻集團洛陽龍新玻璃有限公司) (“**Longxin Glass**”) under CLFG, Anhui Fangxing Science & Technology Company Limited (安徽方興科技股份有限公司) (“**Fangxing Science & Technology**”) under Huaguang Group and Henan United Glass Company Limited (河南省中聯玻璃有限責任公司) (“**United Glass**”) under CBM Glass are enterprises under CNBMG which are engaged in the production of float flat glass. Concerning the business competition among the aforesaid enterprises, in accordance with the undertaking made by CBM Glass during its acquisition of Fangxing Science & Technology, certain measures have been adopted by CNBMG before the Acquisition, mainly including:

- (i) All companies continue to cement their respective advantageous regions and increase the market shares. Characterized by low unit value and heavy weight, ordinary float flat glass is not suitable for long-distance transportation and sales of which would be confined to certain regions. Under normal circumstances, products could not be sold in bulk from a sales region beyond a reasonable scope to another sales region. Presently, the Company’s markets mainly include Henan Province and the northwestern region (for colourless glass) and central China, eastern China and southern China (for coloured glass). Fangxing Science & Technology’s sales markets mainly include Anhui, Jiangsu, Shanghai, Zhejiang, etc. Float glass markets of United Glass mainly include the eastern region of Henan Province as well as regions such as Hubei, Dongbei, Guangxi, Guizhou and Sichuan. The main sales regions of each glass company are different with merely little overlaps on certain markets. Therefore, they pose no actual competition among each other.
- (ii) Strengths of products were emphasized to realize product differentiation. For float glass, the Company’s products mainly include glass with a width ranging from 4mm to 6mm and 8mm to 12mm as well as ultra thin glass, among which those with a width of more than 6mm are mainly used for tempering, insulating, mirror-making and coating of enhanced processing glass. United Glass, with few production lines, has a unitary product portfolio and mainly produces glass for construction purpose with a width ranging from 3mm to 4mm.
- (iii) CLFG was transferred to CBM Glass to optimize the glass platform of CNBMG in compliance with the undertaking of developing the Company into a business platform of CBM Glass through acquisition of CLFG by way of transferring state-owned shares at nil consideration.

The above measures have enabled CNBMG to better resolve the problem of business competition among the glass manufacturers under its control and the interest of the Company and other investors has not been jeopardized due to the business competition.

In order to further eliminate the potential business competition arising from the Acquisition, CNBMG and CBM Glass have formulated preliminary solutions as follows:

- (i) Previous undertakings made on the acquisition of Fangxing Science & Technology, including reorganization of the assets of Fangxing Science & Technology, disposal of its existing float flat glass production business and adjustment to its product structure, have been complied with. Upon reorganization, the product maintained by Fangxing Science & Technology is ITO conductive coating glass, which will not cause business competition with the Company.
- (ii) CLFG has further negotiated with another shareholder of Longxin Glass, Xinan Fada Construction Investment Company Limited (新安縣發達建設投資有限公司), in respect of the Company's acquisition of Longxin Glass. In the next three years, the Company will eliminate business competition by acquiring equity interest held by CLFG or operating assets of Longxin Glass.
- (iii) CBM Glass has improved the standardized operation and debt reorganization of United Glass in order to fulfill the Company's requirements for acquiring its assets or equity interest. It was planned that within the next three years, the equity interest in or the assets or business of United Glass will be transferred to the Company, subject to the conditions stipulated under the national laws and regulations and the administration principles of state-owned assets, and in the transaction manner and conditions determined by the Company, so as to eliminate the business competition between United Glass and the Company.
- (iv) CNBMG is actively seeking support for the Company from all possible avenues whilst supporting its development by various means to alleviate its business burden. It will acquire other glass manufacturers through the Company at appropriate conditions.

3. Measures for eliminating potential business competition

Through the Acquisition, CBM Glass became the controlling shareholder of CLFG, the controlling shareholder of the Company. In order to fundamentally prevent and eliminate CBM Glass and its affiliates from seizing the business opportunities of the Company and the forming of potential business competition, CBM Glass has specifically issued an “Undertaking Letter on Avoiding Business Competition”, details of which are as follows:

“CBM Glass and companies controlled by it will not participate, either directly or indirectly, in any business or activities which may compete with the Company’s principal business in whatsoever means (including but not limited to sole operation, joint ventures or owning shares and other interest in other companies or enterprises) in the future. If CBM Glass or companies controlled by it obtains business opportunities which will or may compete with the Company’s principal business, CBM Glass shall immediately notify the Company and endeavour to refer such business opportunities to the Company, so as to ensure that the interests of all shareholders of the Company will not be jeopardized.”

For the full text of the Acquisition Report, please refer to the overseas regulatory announcement of the Company dated 8 December 2010.

By order of the Board
Luoyang Glass Company Limited
Song Jianming
Chairman

Luoyang, the PRC
8 December 2010

As at the date of this announcement, the Board comprises four executive Directors: Mr. Song Jianming, Mr. Ni Zhisen, Ms. Song Fei and Mr. Cheng Zonghui; three non-executive Directors: Mr. Zhao Yuanxiang, Mr. Zhang Chengong and Mr. Guo Yimin; and four independent non-executive Directors: Mr. Zhang Zhanying, Mr. Guo Aimin, Mr. Huang Ping and Mr. Dong Jiachun.