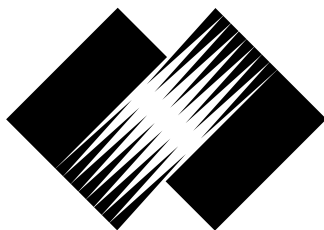


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洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

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

(Stock Code: 1108)

CONNECTED TRANSACTIONS

The Board announces that the connected transactions contemplated under the Agreements were discovered in the process of preparing the consolidated financial statements of the Group for the year ended 31 December 2010.

The consideration of each of the 1st Agreement, 2nd Agreement and 3rd Agreement is less than HK\$1,000,000. According to Rule 14A.31(2) of the Listing Rules, each of these individual Agreements is exempt from the reporting, announcement and independent shareholders' approval requirements. However, when the Agreements are aggregated pursuant to Rule 14A.25 of the Listing Rules, each of the applicable percentage ratios after aggregation is more than 0.1% but less than 5%. Therefore, the Agreements are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The inadvertent omission of announcing the Agreements was discovered when the Group was preparing its consolidated financial statements for the year ended 31 December 2010. Shortly after the discovery, the Company has then prepared this announcement to rectify the matter. The Company will take steps to strengthen its internal monitoring and control measures on Listing Rules compliance matters.

INTRODUCTION

The Board announces that Yinan Huacheng and Zhonglian Glass entered into the 1st Agreement, 2nd Agreement and 3rd Agreement on 3 January 2010, 1 April 2010 and 2 June 2010 respectively, pursuant to which Yinan Huacheng has agreed to sell and Zhonglian Glass has agreed to purchase quartz sand at a consideration of RMB869,000, RMB780,000 and RMB780,000 (subject to adjustment) respectively.

Set out below is a summary of the principle terms of the Agreements:-

THE AGREEMENTS

Date

1st Agreement:	3 January 2010
2nd Agreement:	1 April 2010
3rd Agreement:	2 June 2010

Parties

- (1) Yinan Huacheng, as seller, is a non wholly-owned subsidiary of the Company; and
- (2) Zhonglian Glass, as purchaser, is a wholly-owned subsidiary of CBM Glass (the controlling shareholder of CLFG which is the Company's immediate controlling shareholder) and hence a connected person of the Company.

Terms and Consideration

Pursuant to the 1st Agreement, 2nd Agreement and 3rd Agreement, Yinan Huacheng has agreed to supply 11,000 tons (at a unit price of RMB79 per ton), 10,000 tons (at a unit price of RMB78 per ton) and 10,000 tons (at a unit price of RMB78 per ton) of quartz sand to Zhonglian Glass respectively. The above unit prices were subject to adjustment according to the then prevailing market price of quartz sand at the time of transactions. The consideration of each of the Agreements, excluding the transportation fees of quartz sand which should be borne by Zhonglian Glass, is shown below (subject to adjustment):

1st Agreement:	RMB869,000 (equivalent to approximately HK\$987,500)
2nd Agreement:	RMB780,000 (equivalent to approximately HK\$886,364)
3rd Agreement:	RMB780,000 (equivalent to approximately HK\$896,552)

The considerations of the Agreements were determined after arm's length negotiations between the parties thereto with reference to the then prevailing market price of quartz sand. The Directors confirmed that the quartz sand prices offered to Zhonglian Glass were not lower than those offered by Yinan Huacheng to other third parties.

The considerations of the Agreements were payable within 3 days upon receipt of the quartz sand by Zhonglian Glass. According to the record of Yinan Huacheng, Yinan Huacheng has supplied 10,529 tons, 9,316 tons and 9,334 tons of quartz sand to Zhonglian Glass pursuant to the 1st Agreement, 2nd Agreement and 3rd Agreement respectively with a total consideration of RMB1,950,683.35. Zhonglian Glass has fully settled the considerations under the Agreements before December 2010.

REASONS FOR ENTERING INTO THE AGREEMENTS

Yinan Huacheng is situated at Yinan, Shandong Province, which is far away from the factories of Zhonglian Glass. Yinan Huacheng was not a supplier of Zhonglian Glass before the transactions contemplated under the Agreements. Due to certain unforeseen problem with the quartz sand suppliers of Zhonglian Glass, Yinan Huacheng has agreed to temporarily supply quartz sand to Zhonglian Glass at the latter's requests in January, April and June 2010.

The terms of the Agreements were determined after arm's length negotiation between the parties thereto. The Directors (including the independent non-executive Directors) consider that the sale of quartz sand and the terms of the Agreements are in the ordinary course of business and on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF YINAN HUACHENG AND ZHONGLIAN GLASS

Yinan Huacheng is a non wholly-owned subsidiary of the Company and is principally engaged in the mining, processing and sale of quartz sand.

Zhonglian Glass is a wholly-owned subsidiary of CBM Glass, which is the controlling shareholder of CLFG which is in turn the immediate controlling shareholder of the Company. As such, Zhonglian Glass is a connected person of the Company. It is principally engaged in the production and sale of glass and glass products, and the sale of building materials and raw materials of glass.

LISTING RULES IMPLICATIONS

As mentioned above, Zhonglian Glass is a connected person of the Company. The transaction contemplated under each of the Agreements constitutes a connected transaction of the Company.

The consideration of each of the 1st Agreement, 2nd Agreement and 3rd Agreement is less than HK\$1,000,000. According to Rule 14A.31(2) of the Listing Rules, each of these individual Agreements is exempt from the reporting, announcement and independent shareholders' approval requirements. However, when the Agreements are aggregated pursuant to Rule 14A.25 of the Listing Rules, each of the applicable percentage ratios after aggregation is more than 0.1% but less than 5%. Therefore, the Agreements are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements according to Chapter 14A of the Listing Rules.

Messrs. Shen Anqin, Bao Wenchun and Guo Yimin, the then non-executive Directors of the Company, have abstained from voting to approve the Agreements at the Board meetings due to the fact that they were nominated by CLFG and were regarded not independent to make any recommendation to the Board.

The inadvertent omission of announcing the Agreements was discovered when the Group was preparing its consolidated financial statements for the year ended 31 December 2010. Shortly after the discovery, the Company has then prepared this announcement to rectify the matter. The Company will take steps to strengthen its internal monitoring and control measures on Listing Rules compliance matters.

DEFINITIONS

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

“1st Agreement”	the sale and purchase agreement dated 3 January 2010 entered into between Yinan Huacheng and Zhonglian Glass, pursuant to which Yinan Huacheng has agreed to sell and Zhonglian Glass has agreed to purchase 11,000 tons of quartz sand at a consideration of RMB869,000 (equivalent to approximately HK\$987,500) (subject to adjustment)
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“2nd Agreement”	the sale and purchase agreement dated 1 April 2010 entered into between Yinan Huacheng and Zhonglian Glass, pursuant to which Yinan Huacheng has agreed to sell and Zhonglian Glass has agreed to purchase 10,000 tons of quartz sand at a consideration of RMB780,000 (equivalent to approximately HK\$886,364) (subject to adjustment)
“3rd Agreement”	the sale and purchase agreement dated 2 June 2010 entered into between Yinan Huacheng and Zhonglian Glass, pursuant to which Yinan Huacheng has agreed to sell and Zhonglian Glass has agreed to purchase 10,000 tons of quartz sand at a consideration of RMB780,000 (equivalent to approximately HK\$896,552) (subject to adjustment)
“Agreements”	the 1st Agreement, 2nd Agreement and 3rd Agreement
“Board”	the board of Directors
“CBM Glass”	China Building Materials Glass Company* (中建材玻璃公司), a company incorporated in the PRC with limited liability and the controlling shareholder of CLFG holding 51.70% equity interest in CLFG
“CLFG”	China Luoyang Float Glass (Group) Company Limited* (中國洛陽浮法玻璃集團有限責任公司), a company incorporated in the PRC with limited liability and the immediate controlling shareholder of the Company holding 31.80% equity interest in the Company, and a subsidiary of CBM Glass
“Company”	Luoyang Glass Company Limited (洛陽玻璃股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 1108) and the Shanghai Stock Exchange respectively
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules

“Directors”	the directors of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yinan Huacheng”	Yinan Huacheng Minerals Enterprise Company Limited* (沂南華盛礦產實業有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“Zhonglian Glass”	Henan Province Zhonglian Glass Company Limited* (河南省中聯玻璃有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CBM Glass, and a connected person of the Company
“%”	per cent.

For the purpose of this announcement, the following exchange rates are used:-

- a. RMB0.88 = HK\$1.00 (for January and April 2010)*
- b. RMB0.87 = HK\$1.00 (for June 2010)*

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

Luoyang, the PRC
13 April 2011

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.

* *For identification purposes only*