

CHAIRMAN'S STATEMENT

Dear Shareholders,

2005 was a year of special historic significance for the Group. As at 23 June 2005, we have successfully completed our initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a historic event with far-reaching influence in our history. The listing status is an important platform for our long-term development.

Looking back into 2005, the PRC glass industry experienced material decline in terms of profitability with a significant decrease in the selling price of glass as well as considerable increase in cost of sales, which were attributable to significant increase in production capacity and price hikes in raw materials and fuels, indicating its entry into cyclical low. The Company also recorded a significant decline of profit in 2005 compared with the previous year.

The Group was somewhat affected by the temporary decline in profit. However, the cyclical change of the industry also presents historic development opportunities, enabling the Company to achieve new breakthroughs and development through mergers and acquisitions for higher long-term return. As at 14 February 2006, the Company released an announcement of a very substantial acquisition (the "Acquisition Announcement"), which contained seven acquisition transactions in total. Upon completion of such transactions, the Company attempts to become one of the largest listed companies in the PRC glass industry, representing a major milestone in its history.

Since its very inception, the Company has laid down its long-run strategy of development through mergers and acquisitions. In order to realize its long-run objective of building itself into one of the most influential domestic flat glass manufacturers in the PRC, the Group will fully capitalise on the historic opportunities emerged from the cyclical low of the sector and seek potential opportunities, to grow bigger and stronger by such means as continued acquisitions, mergers and market integration, maximising returns to the shareholders.

Last but not the least, I, on behalf of the board of directors of the Company (the "Board"), would like to express my gratitude to all our shareholders, as well as our loyal and diligent employees for their support to the Group. And, my heartfelt gratitude would also extend to all our customers, cooperation partners, suppliers and principal bankers for their confidence and trust in the Group.

Zhao John Huan

Chairman

27 April 2006