



Date: November 1, 2009

From: Joe Peng / President Gibson Fiberglass
Ron Adams / Vice President Technical Sales Dept
Hack Hall / Vice President Technical Support Dept

To: All our Environmentally Conscience Customers

Re: Jushi Environmental Friendliness Report.

Please see below for a very important "Environmental Friendliness Report" from our plant CEO, Mr. Zhang Yuqiang.

Thank you and respectfully,

Joe Peng, President

Jushi Group capitalizes on resource conservation and environmental friendliness concepts

"Always refrain from developing the company at the expense of the environment, employee safety and health, or by overriding laws and regulations, wasting resources, and damaging the environment."

These principles, as claimed by Mr. Zhang Yuqiang, CEO of the Jushi Group, have long been the baseline for the development of the company and its commitment to social responsibilities. The Jushi executive team realizes that to build a resource-saving and environmentally friendly company is a long-term mission.

To foster the concepts of resource conservation and environmental protection is the key to preventing the worsening of our environment.

The brand new E6 Enhanced Glass Fiber developed by the Jushi Group has enabled production with zero discharge of waste water and sulfur dioxide and an emission of fluoride 50% lower than the Chinese national standard. (The American standard for fluoride emission is 9mg/m³, the Chinese standard is 6mg/m³, and the Jushi standard is 3 mg/m³, which is almost zero emission.) Jushi has been recognized as one of "China's 2008 Leading Enterprise for Energy Saving and Emission Reduction." In China, less than 100 companies have been given this title.

The heat from furnace waste gas is recovered for use in production processes, such as drying of roving, saving several million U.S. dollars each year. The Chinese Government named Jushi as one of "China's Environmentally Friendly Enterprises" due to this innovation. The energy conservation concept has been fully integrated into daily operation as Jushi is committed to not making money at the expense of the environment and safety.

As early as five years ago, Mr. Zhang pointed out: "If the company can not eliminate pollution, then pollution will eliminate the company." Drawing on the lessons from the past, Jushi chose to undertake greater social responsibilities. In recent years, the Jushi Group has invested more than 300 million U.S. dollars on developing environmental protection facilities and another 30 million dollars on running these facilities. After these continuous efforts, **Jushi's production plant areas remain tidy and clean, and the environmental footprint is significantly reduced.** All Jushi people are proud of their achievements.

Jushi applies the same high standard to all of its production bases in Tongxiang, Zhejiang Province; Jiujiang, Jiangxi Province; and Chengdu, Sichuan Province. The application of high environmental protection standards is not just to comply with government regulations, but it is also good for improving the company's core competence. When Jushi started building the Chengdu production base, the local regulation for environmental protection was extremely rigid.

However, the Jushi Group took a forward-looking approach and insisted on adopting higher environmental standards in production and vowed to avoid polluting the local environment. Mr. Zhang believes: "It is always better to do a good job in the first place rather than fixing it later."

Capitalizing on resource conservation and environmental friendliness concepts is compulsory for maximizing enterprise value.

The Jushi Group has successfully transformed waste into valuable resources. Waste fiberglass is recycled; the mud produced from waste water treatment and the lime produced from waste treatment are sold to other companies as raw materials; steam condensate is also recycled; and waste water can still be reused for production after purification. **Thus zero discharge of wastes is achieved.** As supported by advanced technology and efficient management, energy conservation and emission reduction have emerged into a new industry. It brings abundant economic benefits to the Jushi Group.

The handling of fiberglass waste has been a common problem for all the fiberglass manufacturers in the world. In 1997, Jushi started research on fiberglass waste recycling technology. After continuously conducting experiments and making improvements, in 2002, the Jushi Group independently designed and built a 6000 ton C-glass furnace which allowed waste fiberglass to be used as the only raw material. The furnace annually recycled over 7,200 tons of waste fiberglass and brought the company a net profit of more than 20 million yuan. In 2006, Jushi built another 30,000 ton fiberglass waste recycling furnace at its Jiujiang, Jiangxi Province production base.

It completely solved the problem of fiberglass waste at Jushi. This fiberglass waste recycling technology was 100% innovated by the Jushi Group and has generated a significant impact on the global fiberglass industry. In March of 2005, this technology was patented in China. This year, another 35,000 ton recycling furnace is under construction in the Tongxiang production base, and the building of another 20,000 ton recycling furnace has also been planned at the Jiujiang production base.

In 2004, the Jushi Group initiated research on oxygen firing technology and made breakthroughs in the design of furnace structure, combustion equipment and the melting process. The new combustion technology was successfully incorporated in the 60,000 ton E-glass furnace and produced excellent results. **The oxygen firing technology can reduce comprehensive energy consumption of the furnace by 60% and waste gas emission by 80%. Moreover, the quality of molten glass is significantly improved by using this technology.**

The Jushi Group has carried out a number of technological innovations for treatment of the resin-containing industrial waste water generated during production of fiberglass. The treatment technology has advanced from the physico-chemical flotation biological treatment to chemical ultra-shallow flotation. In 2008, Jushi invested 31 million yuan to set up an advanced waste water treatment system at the Tongxiang production base. The system uses MBR (membrane bioreactor) treatment technology and a single-pass reactive infiltration treatment process.

All the treated water is reused as the pure water source for the production process. The system combines water treatment and resource recycling, which enables effective control of COD (Chemical Oxygen Demand) and electronic conductivity index and meets all the requirements for fiberglass production use. The water treatment station is designed with annual waste water recycling capacity of 1,750,000 tons. Currently the station treats 900,000 tons of waste water generated by the production plants and reduces the COD emission by 270 tons per year, which is a significant achievement for green production and emission reduction.

Jushi completed a series of technical upgrades which include the recovery of waste heat from furnace waste gas for drying roving and producing steam, steam condensate recycling, and improvement of the electrical power factor. By carrying out recycling and environmentally friendly activities, energy consumption is reduced, which brings tremendous benefits to the company. The energy consumption level per 10,000 yuan GDP decreased 40% in 2008, compared with 2005, and the energy consumption per unit decreased by 45%. From 2006 to 2008, the Jushi Tongxiang production base has saved energy equivalent to 120,000 tons of standard coal. In 2008, the whole group saved energy equivalent to 66,000 tons of standard coal.

In order to maximize customer satisfaction, Jushi constantly conducts research and development of high performance fiberglass with low environmental pollution. E6 Enhanced Glass Fiber meets the requirements and forges a revolutionary trend for the whole fiberglass industry. E6 Enhanced Glass Fiber combines all the merits of E-glass fiber with technical breakthroughs in improved strength, elastic modulus, temperature resistance and acid corrosion resistance, thus meeting the requirements of the most demanding applications.

Mr. Zhang said that there is no finish line for energy savings and emission reduction. Environmental protection is crucial for strengthening the company's competitive competencies. The company will make aggressive plans and see it as a new business model for making profit. In order to realize this goal, certain technical bottlenecks have to be broken; a framework and mechanism for environmental protection supported by advanced science and technology needs to be established. The company strives to develop its own key technology and equipment for energy saving and environmental protection by combining independent innovation and introduction of advanced technologies from home and abroad.

Build a sound corporate image based on energy conservation and environment friendliness concepts, and enhance our competitive edge in the global market.

In recent years, the Jushi Group has completed a series of tasks for environmental protection which were recognized by the Chinese central government and local governments. Meanwhile, through upgrading combustion technologies, energy consumption is lowered, resulting in lower production cost and saved resources. Most importantly, Jushi owns five of the largest fiberglass production lines in the world, and all of them are running in good condition.

Mr. Zhang and all the Jushi people are very excited about and proud of these remarkable achievements. As Jushi makes more efforts to practice environmental friendliness concepts, more customers begin to accept Jushi's brand. The Jushi people are particularly pleased with such substantial recognition from the bottom of the customers' hearts. Customers are buying more and more products from Jushi and becoming more and more satisfied with Jushi's quality and service. Why is this happening? All of Jushi people's hard work has won customer satisfaction, which is the ultimate goal for the Jushi Group. As Mr. Zhang said, "It's all right if we are not recognized by the Mayor, but we must be recognized by the market."

Long term commitment to resource conservation and environmental friendliness is not only for building a corporate image but also for sustainability of the company. In China, as production technology bottlenecks have been broken, the production cost of fiberglass will continue to decrease, and the applications of fiberglass will be further expanded. Consequently, the demand and capacity will increase.

There is no doubt that China has become a major fiberglass producing country. Although the demand for fiberglass will increase in China, it is predicted that there will be fewer fiberglass manufacturers, and the industry will become more concentrated in the future. The Chinese government will raise standards for environmental protection and require manufacturers to make continuous technical innovations to reduce emissions. Thus, it is unavoidable that the threshold for entering the industry will get higher and higher.

China lacks natural resources -- especially energy. The energy cost in China is higher than in the U.S., putting a lot of pressure on Chinese manufacturers. Since 2004, Jushi has realized that energy saving is the key for winning the competition, and the only way to achieve this is to realize economies of scale.

Currently, the energy consumed for producing one ton fiberglass is equal to 44% of the Chinese government's requirement. The world standard for melting one kilogram glass is 1,000 calories, but at Jushi, it only consumes 945 calories, which is the lowest in the industry. Due to the reasons mentioned above, some companies will eventually be eliminated since they do not have the technology and R&D capability to meet the ever stricter requirements for environmental protection and energy efficiency. In contrast, Jushi will capitalize on its environmental friendly concepts to build its own distinctive competencies and make greater achievements in the future.

As a new material, fiberglass composites will have huge space and potential for growth in the renewable energy industry. Composites also have advantages in environmental protection by contributing to saving more wood, water and ecological resources. Jushi is convinced that fiberglass can make significant differences in energy saving and environmental protection. Thank you and Best Regards,

Zhang Yuqiang
CEO / Jushi Group

Jushi Fiberglass, headquartered in the Tongxiang Economic Development Zone, Zhejiang, China, is one of the world's largest producers of fiberglass reinforcements. With three production bases in Tongxiang, Jiujiang and Chengdu, and total assets of over \$1.3 billion USD, Jushi's ISO 9001 facilities and 10,000 employees, can churn out over 900,000 metric tons of fiberglass per year.

Gibson Fiberglass, the exclusive representation of Jushi Group in US, is headquartered in Irwindale, California, is a leading supplier of fiberglass reinforcements and fabrics to the reinforced plastics industry. With distribution Centers in Miami Florida, Elkhart Indiana and Irwindale California, Gibson is able to supply reinforcements to all regions of the US and Canada. Founded in 1995, the company supplies reinforcements to a wide variety of industries including Marine, Construction, Infrastructure, Transportation, and alternative Energy.