



GLG Life Tech Limited
(FORMERLY PANORAMIC MIRRORS INC.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2006

Trading on the CNQ

Stock Symbol: **GLGT**

GLG LIFE TECH LIMITED
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
PERIOD ENDED March 31, 2006

The following discussion and analysis (“MD&A”) should be read in conjunction with the unaudited consolidated financial statements and related notes thereto of GLG Life Tech Limited (the “Company”) for the three months ended March 31, 2006. The financial information in this MD&A is derived from the Company’s financial statements prepared in accordance with Canadian generally accepted accounting principles. The effective date of this MD&A is May 25, 2006.

Unless otherwise specified, all financial data in this MD&A is presented in Canadian dollars.

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1. Overview

- a. With the completion of the reverse takeover of the Company (the “RTO”) on June 28, 2005, the Company was able to start normal operations in its new business during the third quarter ended September 30, 2005.
- b. The Company is now in the business of procuring health products, food supplements and dietary supplements from around the world and is currently selling them to their main customer in China, Shandong Yong He Tang Health Products Chain Stores Limited (“YHT”), formerly known as the GLG International Health Products Chain Stores. YHT had seven franchise locations at the end of March 2005, 428 locations as of the end of December 2005 and 615 locations as of the end of March 2006.
- c. Another trend that is occurring that will help to keep the Company’s overhead expenses down is the fact that the majority of product sold to YHT by the Company is now being sourced and procured in China. The Company has allowed YHT to purchase directly from GLGT approved suppliers in China and the Company receives a commission on all of these in country sales at the time YHT sells the product to the franchisee.
- d. Sales revenues of the Company are generated from the procurement activities for product that the Company sells to YHT and also from the actual gross sales of YHT to its various franchise operations. As stated in section (c.) above, the trend is to allow YHT to procure more products from suppliers and manufacturers in China.
- e. The Company is subject to international import and export regulations and the classification of products that it sells. These various regulations are subject to change at times and this could slightly delay delivery time for product which can cause work in process to remain on the books prior to being received by customers and invoiced. Some products are invoiced at the time of shipment and other products are invoiced at the time they are received at the port in China.

- f. Since the Company is the exclusive supplier for YHT and all products sold by YHT, including products not directly procured by the Company for YHT, are subject to being invoiced by the Company, the growth of the Company will lag behind the sales of YHT but should eventually at least model the same percentage of growth.
- g. As at March 31, 2006, the Company had working capital of \$357,048 (compared to \$687,282 on December 31, 2005) and notes receivable of \$967,290 (compared to \$620,100 on December 31, 2005).

2. Acquisition

On June 28, 2005, closing escrow conditions were satisfied and the Company formally completed a share exchange agreement with the shareholders of Grand Leaf International Limited (“GLI”) under which it acquired all the issued and outstanding common shares of GLI. To effect this acquisition, the shareholders of GLI exchanged their GLI shares for common shares of the Company at a ratio of 12.58 shares of the Company for every 1 GLI share. As a result of this acquisition, the former shareholders of GLI, having received 79,661,000 common shares (approximately 86% of the issued and outstanding common shares of the Company) have control of the combined entity.

For accounting purposes, the acquisition was recorded in accordance with GAAP as a reverse takeover of the Company by GLI (the “RTO”). Accordingly, GLI has been identified as the acquirer and, therefore, the financial statements of the combined company reflect the continuation of GLI under the name GLG Life Tech Limited.

It was also agreed between the parties that as of June 21, 2005, the effective date of the transaction, the former management of the Company would be responsible for all of the outstanding liabilities and that a license to distribute SQ mirrors worldwide with a book value of \$1 would be the only asset on the Company’s books at the time of acquisition. Thus the 13,260,000 common shares of the Company that were issued and outstanding immediately prior to the RTO have been valued at \$1.

With this acquisition the Company acquired four licenses and rights:

- a. Exclusive License Agreement with Dr. Zhang and Professor Hong.

Pursuant to an agreement dated December 30, 2004, Dr. Zhang a major shareholder of the Company, and Professor Hong have granted the Company an exclusive world-wide license to operate the non-profit health and wellness business owned by Dr. Zhang and Prof. Hong (which includes health education and consulting services, and the marketing and distribution for retail sale of various health and nutraceutical products) and the right to sub-license such right.

- b. Exclusive License Agreement with Prof. Jinduo Zhang.

Pursuant to an agreement dated December 30, 2004, Prof. Jinduo Zhang granted the Company the exclusive world-wide license to use the name GLG, and to sub-license such right.

- c. Supplier Agreement with YHT

Pursuant to an agreement dated December 30, 2004, YHT was appointed as an authorized retailer in China of health and nutraceutical products distributed by the

Company. The agreement also provides that all health and nutraceutical products sold by YHT must be purchased from the Company or its approved suppliers.

d. Share Transfer Agreement with the Owners of YHT.

Pursuant to an agreement dated December 30, 2004, the Company has the right, but not the obligation, to purchase ownership of YHT and all interest in its registered capital.

3. Significant Accounting Policies

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent asset and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. A summary of significant accounting policies is presented in note 3 to the financial statements.

4. Results of Operations

The Company reported revenues of \$104,132 and net income of \$10,445 (\$0.00 per share) in the first quarter of 2006. The lower income generated during the first quarter of 2006 as compared to the previous two quarters was primarily due to YHT's decision to build up the network of YHT franchise locations so they would have a good foundation to begin the 2nd quarter advertising campaign. **{Question: Why would expansion affect the sales of product at existing locations?}** It is anticipated that the new added locations should begin generating revenue for GLGT during the second quarter and thus have the result of increased sales for the Company.

Major expenses included \$77,637 in consulting fees and \$10,619 in professional fees. The consulting fees and professional fees were primarily due to the normal course of operations during the 3 month period ending March 31, 2006.

5. Summary Quarterly Results

The selected consolidated information set out below has been gathered from quarterly financial statements for the previous six quarterly periods:

	Revenue \$	Net Income (Loss) \$	Net Income (Loss) Per share \$
March 31, 2006	104,132	10,445	0.00
December 31, 2005	208,348	(157,859)	0.00
September 30, 2005	243,019	111,899	0.00
June 30, 2005	Nil	(1,889,751)*	(0.02)
March 31, 2005	Nil	(15,137)	0.00
December 31, 2004	Nil	(15,029)	0.00

* The stock based compensation accounting principles contributed to \$1,856,562 of the loss and since it was stock based compensation it did not have a negative affect on the cash flow of the Company.

6. Balance sheet

Total assets were \$1,660,023 at March 31, 2006 compared with \$1,579,629 at December 31, 2005.

Accounts receivables include receivables from main customer, YHT, as well as interest accrued on note receivable from YHT. Receivables from YHT increased to \$121,915 at the end of the first quarter of 2006 from \$57,628 at December 31, 2005, and accrued interest receivables decreased to \$13,123 as at March 31, 2006 from \$17,783 at December 31, 2005.

Prepaid and deposits include prepaid directors and officers liability insurance of \$22,084 at March 31, 2006 and office rent deposits of \$600 at March 31, 2006.

Notes receivable increased to \$967,290 at the end of the first quarter of 2006 from \$620,100 at December 31, 2005 due to the Company's advance of US \$300,000 to YHT pursuant to an agreement dated January 20, 2006. The loan is unsecured and bears interest at the rate of 1% more than the prime commercial lending rate posted by the Bank of Montreal at its main branch in Vancouver, BC, on the first business day of each calendar quarter. The loan was advanced on January 31, 2006 and YHT has advised that it will pay back this loan before the end of the current fiscal year.

Accounts payable and accrued liabilities include operating payables and accrued charges. Accounts payable and accrued liabilities increased from \$265,429 at December 31, 2005 to \$329,378 mainly due to accrued consulting fee for three months ended March 31, 2006.

The share capital and contributed surplus at March 31, 2006 was \$1,491,808 and \$1,847,571, respectively.

7. Liquidity

The Company has sufficient working capital to operate in its normal course of business. The Company is monitoring its operational expenses and is using contractors to provide office, accounting and procurement of products and services. The greatest cash outlay for the Company is for normal legal and accounting expenses and for the procurement of products which are for resale at a profit. The Company currently utilizes a zero inventory system and this helps the Company's cash flow position. There are times that the Company has work in progress expenses (defined as the period of time between when a product is paid for and when the product is invoiced) but to date the Company has taken title to goods but has not inventoried the goods. The goods thus far have gone from the manufacturer to the customer. In order to achieve a reasonable collection time on the receivables, the Company controls the terms granted to its customers. Thus it is possible to invoice upon the receipt of a purchase order from our main customer in China prior to purchasing the products. If volume continues to increase, the Company may consider establishing a revolving line of credit or conducting a financing (private placement or public financing) to fund increasing procurement activities in the near future but this is not anticipated at the time of this filing.

All of the growth during the 3 months period ending March 31, 2006 was accomplished without any advertising help or assistance by the Company. It is believed that an advertising campaign should result in increased sales for the Company, and the demand for GLG products should also result in new locations being opened to meet that demand. It is anticipated that the Company will begin an advertising and marketing campaign in China during the 2nd quarter of 2006. Currently the network of franchise locations has been built and the focus for the 2nd quarter will be to begin increasing revenue per location as well as expanding the franchise network.

YHT controls and monitors the inventory level of the products. As mentioned above, the Company currently ships product to YHT to fill an order and does not foresee the need to purchase product for inventory in the near future. The Company procures product from various suppliers and ships it directly to YHT without the need to stock up large volume of inventory prior to shipment. The Company also selects and approves local vendors in China to provide product to YHT. On these “in country” purchases, the Company receives a commission on the sale of product from YHT to the franchisees of YHT in China.

8. Risks and Uncertainties

Currently, the Company’s sole market is China. There were no events nor are there any special projects forecasted that will alter the normal cost for doing business or the anticipated sales revenue and profits for the period going forward in China. There are also currently no known risks or uncertainties that the Company reasonably believes will have a negative result on the Company’s sales.

Management is evaluating expanding the sale of GLG brand products of the Company into North America and the introduction of its own franchise program to North America but right now these are all still only in the planning stages.

There are certain risks inherent in doing business on an international level, including regulatory limitations restricting or prohibiting the provision of products and services, unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers. There are also other potential difficulties such as staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, fluctuations in currency exchange rates, foreign exchange controls that restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions, delays from government agencies, seasonal reductions in business activity during the summer months in certain parts of the world and potentially adverse tax consequences resulting from operating multiple jurisdictions with different tax laws. The Company has been structured to minimize these risks to the largest extent possible.

The Company’s major competitors are international companies which produce health products as well as nutritional and dietary supplements. Some of these competitors have significantly greater financial, technical and marketing resources. In some cases, they also have a more established brand name and a larger existing customer base. Most of these advantages the competitors currently have are due to advertising campaigns and money spent on advertising and is not due to a superior product. There can be no assurance that the Company will be able to compete successfully against them or that such competition will not have a material adverse effect on the Company’s business, financial condition and results of operations. However, the Company believes that it can be competitive in the China market by drawing upon its relationships in China while assisting its authorized retailers to implement successful Western operational principals. The greatest assistance that the Company can offer for the continued success of its GLG brand products in China would be to develop and begin an aggressive marketing and advertising campaign.

9. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

10. Transactions with Related Parties

- a) The Company is economically dependent on the main customer, YHT, in China to market its products and services. YHT is a company which, during the quarter under review, was controlled by a director of the Company (see item 12 c) below). In accordance with a licensing agreement, signed December 31, 2004, the Company is entitled to collect a royalty type of income from YHT on the sale of its products through its retail locations. This income, totaling \$104,132 (March 31, 2005 – Nil), is the main source of income of the Company for the three months ended March 31, 2006.
- b) Paid or accrued consulting fees of \$41,300 (March 31, 2005 – Nil) to one director and one officer of the Company, and accrued contracted services fees of \$17,500 (March 31, 2005 – Nil) to a company of which a director of the Company is an officer.
- c) Paid legal fees, disbursement and provincial sales taxes of \$8,316 (March 31, 2005 – Nil) to a law firm of which the Company's secretary is an associate counsel.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Financial Instruments and Other Instruments

Fair value of estimates of financial instruments is made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature involving uncertainties and matters of significant judgment they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The Company's financial instruments consist of cash, receivables, and inventories, prepaid expenses and deposits and accounts payable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

12. Subsequent Event

- a) In April 2006, the principal and interest due on a US\$500,000 loan facility made available to, but not utilized by, YHT was paid in full to the Company.
- b) Subsequent to the period under review, the Company signed a Sales and Marketing Agreement with Pacific Marketing Consultants Limited (“**PMC**”) under which PMC will conduct a sales and marketing campaign to promote the sale of products supplied by the Company to YHT and the YHT franchise network.
- c) Subsequent to the period under review, Professor Jinduo Zhang transferred all of his ownership interest in YHT to a purchaser at arm's length to the Company. Following this transfer, none of the Company's directors or officers holds any ownership interest in YHT.

13. Outstanding Share Data as at March 31, 2006

(1) Common Shares Issued:	93,011,000
(2) Stock Options	18,284,200
(3) Pooling Agreement	66,132,670
(4) Escrow Agreement	49,599,504

14. Additional Information

Additional information relating to the Company is available on SEDAR (www.sedar.com).