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## CONNECTED TRANSACTIONS

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### OVERVIEW

We have entered into a number of agreements with associates of Mr. Kang, our Controlling Shareholder, in respect of processing for, sales of products to and purchases of materials from, and the provision other related services by, Shenyang Yuanda and its subsidiaries. As Mr. Kang is a connected person of our Company, such transactions will constitute connected transactions for our Company under the Listing Rules upon Listing.

Details of the connected transactions of our Company upon Listing are as follows:

### CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

#### Leases of Properties

During the Track Record Period, we leased certain properties to Yuanda Group and its subsidiaries for use as offices. The leases of these properties were generally for one year. As Mr. Kang, our chairman and Controlling Shareholder, owns a majority interest in Yuanda Group, Yuanda Group is therefore a connected person of our Company, the leases will constitute continuing connected transactions for our Company upon Listing.

Details of the leases entered into in 2008 are set out below:

Location	Connected party	Subsidiary of our Company involved	Approximate GFA sq.m.	2008 rental RMB
Dongling Factory Area ...	Brilliant Elevator	Shenyang Yuanda	16,977	1,867,470
Dongling Factory Area ...	Shenyang Yuanda Environmental Engineering Co., Ltd. (瀋陽遠大環境工程有限公司)	Shenyang Yuanda	1,500	165,000

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Details of the leases entered into in 2009 are set out below:

Location	Connected party	Subsidiary of our Company involved	Approximate GFA sq. m.	2009 rental RMB
Zhangshi Factory Area ....	Shenyang Yuanda Electrical Equipment Co., Ltd. (瀋陽遠大機電裝備有限公司)	Shenyang Yuanda	685	37,675
Dongling Factory Area ....	Brilliant Elevator	Shenyang Yuanda	4,356	479,227
Dongling Factory Area ....	Shenyang Yuanda Environmental Engineering Co. Ltd.	Shenyang Yuanda	142	17,000
Zhangshi Factory Area ...	Brilliant Elevator, Metal Spray Paint Branch (瀋陽博林特電梯有限公司金屬噴塗分公司) (“Brilliant Elevator MSP Branch”)	Shenyang Yuanda	7,063	388,465

Details of the leases entered into in 2010 are set out below:

Location	Connected party	Subsidiary of our Company involved	Approximately GFA sq.m.	2010 rental RMB
Zhangshi Factory Area .....	Shenyang Yuanda Electrical Equipment Co., Ltd.	Shenyang Yuanda	4,755	482,117
Zhangshi Factory Area .....	Shenyang Yuanda Environmental Engineering Co., Ltd.	Shenyang Yuanda	951	95,100
Zhangshi Factory Area .....	Brilliant Elevator, Metal Spray Paint Branch	Shenyang Yuanda	9,996	1,012,360

In 2008, 2009 and 2010, our rental income amounted to RMB2,032,470, RMB922,367 and RMB1,589,577, respectively. The rents were determined in accordance with the rent payable in the area as confirmed by the relevant tax authorities.

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On April 12, 2011, we entered into new leasing agreements with each of Shenyang Yuanda Electrical Equipment Co., Ltd. and Brilliant Elevator MSP Branch for a term of one year and three years, respectively, based on the prevailing market rates of RMB1,475,100, RMB999,600 and RMB999,600 for the financial years ending December 31, 2011, 2012 and 2013, respectively. Jones Lang LaSalle Sallmanns Limited, our property valuer, confirmed that the rents payable under the leases are comparable to the prevailing market rates for properties of similar quality in neighboring areas to which the respective property is located.

Given that the leases were entered into based on prevailing market rates, our Directors (including our independent non-executive Directors) consider that the rents of the leased properties are fair and reasonable, and the leases were entered into under normal commercial terms and in the ordinary and usual course of our business. It is expected that the annual rentals charged by us in relation to the leases of the properties to the companies controlled by Mr. Kang will not exceed RMB1,475,100, RMB999,600 and RMB999,600 for the three financial years ending December 31, 2011, 2012 and 2013, respectively. Given that the applicable ratios are on an annual basis less than 0.1%, the transactions under the leases above constitute exempt continuing connected transactions for our Company which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

#### **Purchase of Raw Materials from Shenyang Yuancheng**

During the Track Record Period, we purchased glass from Shenyang Yuancheng Insulating Glass Co., Ltd. (瀋陽遠程中空玻璃有限公司) ("Shenyang Yuancheng"), a company which is owned as to 80% by Ms. Kang and as to 20% by her husband, Zhang Dianhai (張澗海). As Ms. Kang is the sister of Mr. Kang, who is our chairman and Controlling Shareholder, transactions between Shenyang Yuancheng and our Company will constitute continuing connected transactions for our Company upon Listing.

In 2008, 2009 and 2010, our purchases from Shenyang Yuancheng amounted to RMB9,544,107, RMB16,013,761 and RMB19,884,863, respectively.

On April 12, 2011, we entered into a master purchase agreement with Shenyang Yuancheng (the "Shenyang Yuancheng Purchase Agreement") pursuant to which we agreed to purchase glass from Shenyang Yuancheng for a term of three years subject to an annual cap not exceeding RMB8,000,000 and RMB4,500,000 and RMB4,100,000 for the three years ending December 31, 2011, 2012 and 2013, respectively. The glass supplied by Shenyang Yuancheng are used primarily for the construction of our manufacturing facilities and are not used in our projects. With completion of the construction of our new manufacturing facilities in Shenyang, our demand for glass from Shenyang Yuancheng will decrease. The annual caps were calculated based on the projected demand of glass that we would purchase from Shenyang Yuancheng with reference to the market prices for glass of similar specifications.

Given that the purchases were made based on prevailing market prices, our Directors (including our independent non-executive Directors) consider that the purchases under the Shenyang Yuancheng Purchase Agreement are made under normal commercial terms that are fair and reasonable. As the applicable ratios (other than the profit ratio) for the year ending December 31, 2011 are more than 0.1% but less than 5%, the continuing connected transactions under the Shenyang Yuancheng Purchase Agreement are subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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### Supply of Curtain Wall Products to Yuanda Singapore

During the Track Record Period, Yuanda Singapore contracted for curtain wall projects in Singapore for which we supplied the curtain wall products. As Yuanda Singapore is a wholly owned subsidiary of Yuanda Group, which is owned by Mr. Kang, our chairman and Controlling Shareholder, Yuanda Singapore is a connected person of our Company and the supply of such curtain wall products by our Company to Yuanda Singapore will constitute continuing connected transactions for us upon Listing.

In 2008, 2009 and 2010, the supply of curtain wall products to Yuanda Singapore by our Company amounted to approximately RMB4.4 million, RMB42.6 million and RMB66.3 million, respectively.

We have established a wholly owned subsidiary in Singapore to carry out curtain wall contracting projects. However, the ability to contract for large-scale public curtain wall projects in Singapore is dependent on local contracting experience, and given our lack of direct local contracting experience, we expect that we will continue to cooperate with Yuanda Singapore on the contracting of large-scale public curtain wall projects for such period until our wholly owned subsidiary will be able to undertake such projects in Singapore on its own. Accordingly, our Company will continue to supply curtain wall products to Yuanda Singapore after Listing.

On April 12, 2011, we entered into a master supply agreement with Yuanda Singapore (the “Yuanda Singapore Purchase Agreement”) pursuant to which it is agreed that we will continue to supply curtain wall products to Yuanda Singapore for a term of three years subject to an annual cap not exceeding RMB120,000,000, RMB150,000,000 and RMB150,000,000 for each of the three financial years ending December 31, 2011, 2012 and 2013, respectively. In 2010, we supplied curtain wall products with an aggregate amount of RMB66.3 million to Yuanda Singapore for it to complete one project. The significant increases in the annual caps for 2011, 2012 and 2013 over the historical transaction amount during the Track Record Period were based on three existing projects of Yuanda Singapore which are due to be completed in 2011 with an aggregate contract amount due to us in 2011 of approximately RMB120 million and two existing projects of Yuanda Singapore which are due to be completed in 2012 with an aggregate contract amount due to us in 2012 of approximately RMB135 million. Yuanda Singapore is currently planning to bid for three government contracts in Singapore which will be completed in 2012 and 2013 (primarily in 2013) which, if Yuanda Singapore is awarded with such contracts would result in contracts, with us amounting to approximately RMB150 million. The increases in the annual caps were based on the contract amount of the confirmed projects and the planned projects of Yuanda Singapore.

Given that the supply of curtain wall products under the Yuanda Singapore Purchase Agreement were being provided based on prevailing market prices, our Directors (including our independent non-executive Directors) consider that the terms under which such supplies have been provided are fair and reasonable, and the Yuanda Singapore Purchase Agreement was entered into under normal commercial terms. As the applicable ratios (other than the profit ratio) are on an annual basis more than 0.1% but less than 5%, the continuing connected transactions between Yuanda Singapore and our Company under the Yuanda Singapore Purchase Agreement are subject to the reporting and announcement requirements but are exempted from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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### **Purchase of Raw Materials from Shenyang Xinwan Fulong**

During the Track Record Period, we purchased building materials and hardware tools from Shenyang Xinwan Fulong Commerce Co., Ltd. (瀋陽欣萬福隆商貿有限公司) (“Shenyang Xinwan Fulong”), a company which is wholly owned by Ms. Kang. As Ms. Kang is the sister of Mr. Kang, who is our chairman and Controlling Shareholder, transactions between Shenyang Xinwan Fulong and our Company will constitute continuing connected transactions for us upon Listing.

In 2008, 2009 and 2010, our purchases from Shenyang Xinwan Fulong amounted to RMB187,691, RMB5,262,476 and RMB15,479,564, respectively.

On April 12, 2011, we entered into a master purchase agreement with Shenyang Xinwan Fulong (the “Shenyang Xinwan Fulong Purchase Agreement”) pursuant to which we agreed to purchase building materials and hardware tools from Shenyang Xinwan Fulong for a term of three years subject to an annual cap not exceeding RMB17,000,000, RMB18,500,000 and RMB20,000,000 for the years ending December 31, 2011, 2012 and 2013, respectively. The annual caps were based on the projected demand for building materials and hardware tools that we would purchase from Shenyang Xinwan Fulong with reference to the market prices for such materials.

Given that the purchases were made based on prevailing market prices, our Directors (including our independent non-executive Directors) consider that the purchases under the Shenyang Xinwan Fulong Purchase Agreement are made under normal commercial terms that are fair and reasonable. As each of the applicable ratios (other than the profit ratio) are on an annual basis more than 0.1% but less than 5%, the transactions under the Shenyang Xinwan Fulong Purchase Agreement are subject to the reporting and announcement requirements but are exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

### **Glass Processing and Assembly Services provided by Shanghai Jianxing**

During the Track Record Period, Shanghai Jianxing Insulating Glass Manufacturing Co., Ltd. (上海建星中空玻璃製造有限公司) (“Shanghai Jianxing”) provided glass processing and assembly services to us. Shanghai Jianxing is a company which is owned as to 70% by Zhang Dianhai (張澗海), the husband of Ms. Kang, and as to 30% by Ms. Kang. As Ms. Kang is the sister of Mr. Kang, our chairman and Controlling Shareholder, transactions between Shanghai Jianxing and our Company will constitute continuing connected transactions for us upon Listing.

In 2008, 2009 and 2010, services provided by Shanghai Jianxing to us amounted to RMB9,363,265, RMB4,999,900 and RMB4,999,900, respectively.

On April 12, 2011, we entered into a master services agreement with Shanghai Jianxing (the “Shanghai Jianxing Services Agreement”) pursuant to which we agreed to procure glass processing and assembly services from Shanghai Jianxing for a term of three years subject to an annual cap not exceeding RMB7,000,000, RMB8,500,000 and RMB10,000,000 for the three years ending December 31, 2011, 2012 and 2013, respectively. The increases in annual caps for the three years ending December 31, 2011, 2012 and 2013 over the Track Record Period were based on the expected growth in demand for insular glass in the market and our projected demand for such services with reference to the market prices for the provision of services of a similar nature. The significant increase in 2011 over the historical transaction amount was primarily due to the recovery in the global economy following the financial crisis and the expected demand for insular glass.

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Given that the services were being provided based on prevailing market rates, our Directors (including our independent non-executive Directors) consider that the transactions under the Shanghai Jianxing Services Agreement are under normal commercial terms and are fair and reasonable. As each of the applicable ratios (other than the profit ratio) is on an annual basis more than 0.1% but less than 5%, the transactions under the Shanghai Jianxing Services Agreement are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

#### **Processing Services and Raw Materials provided by Brilliant Elevator MSP Branch**

During the Track Record Period, Brilliant Elevator MSP Branch provided spray painting, related processing and assembly services, as well as raw materials, to us. As Brilliant Elevator is owned as to 74.94% by Mr. Kang and as to 25.06% by Yuanda Singapore, which is in turn a subsidiary of the Yuanda Group, the processing services and raw materials provided by Brilliant Elevator MSP Branch to our Company will constitute continuing connected transactions for us upon Listing.

In 2008, 2009 and 2010, the processing services and raw materials provided by Brilliant Elevator MSP Branch to our Company amounted to RMB105,969,157, RMB224,399,561 and RMB296,871,726, respectively.

On April 12, 2011, we entered into a master processing and raw materials services agreement (the "Brilliant Master Agreement") with Brilliant Elevator MSP Branch pursuant to which it agreed to provide processing services and supply raw material to us for a term of three years subject to an annual cap not exceeding RMB300,000,000, RMB330,000,000 and RMB365,000,000 for each of the three financial years ending December 31, 2011, 2012 and 2013, respectively. The annual caps were based on the historical transactional amount and the projected demand for processing services and raw materials by our Company with reference to the market rates for processing services of a similar nature and market prices for raw materials.

Given that the processing services were being provided based on prevailing market rates and the raw materials will be provided at market prices, our Directors (including our independent non-executive Directors) consider that the processing services and raw materials provided by Brilliant Elevator MSP Branch are fair and reasonable, and the Brilliant Master Agreement was entered into under normal commercial terms. As the applicable ratios (other than the profit ratio) are on an annual basis more than 5%, the transactions under the Brilliant Master Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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### CONFIRMATIONS

#### Directors' Confirmation

The Directors (including the independent non-executive Directors) confirmed that the non-exempt continuing connected transactions that are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement and the non-exempt connected transactions that are subject to the reporting, announcement and independent shareholders' approval requirements have been entered into in the ordinary and usual course of business of our Company on normal commercial terms or on terms no less favorable to our Company than those available to or from (as appropriate) independent third parties, and are fair and reasonable to our Company and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) further confirmed that the proposed annual caps in respect of all the non-exempt continuing connected transactions are fair and reasonable.

#### Joint Sponsors' Confirmation

The Joint Sponsors have confirmed to the Company that they are of the opinion that the non-exempt continuing connected transactions, including the annual caps, have been entered into in the ordinary and usual course of business of our Company, on normal commercial terms or on terms no less favourable to our Company than those available to or from (as appropriate) independent third parties, and are fair and reasonable to our Company and in the interests of the Company and the Shareholders as a whole.

### WAIVER FROM THE HONG KONG STOCK EXCHANGE

On the basis of the above, the Company has applied to the Stock Exchange for a waiver under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement and/or independent shareholders' approval requirements (so far as the requirements are applicable) in respect of each of the non-exempt continuing connected transactions of our Company.

If any of the material terms of the agreements or arrangements referred to above are altered (unless as provided for under the terms of the relevant agreement or arrangement) or if our Company enters into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration paid or payable by us each year exceed the limits for exempt connected transactions or exempt continuing connected transactions referred to in the Listing Rules, we will comply with the provisions of Chapter 14A of the Listing Rules.