You should read the following discussion and analysis of our financial conditions and our results of operations together with our consolidated financial statements as of and for each of the three years ended December 31, 2008, 2009 and 2010 and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus (collectively, the "Financial Information"). The Accountants' Report has been prepared in accordance with IFRSs. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties.

OVERVIEW

We are the second largest manufacturer of curtain walls in the world, and the largest in China, as measured by revenue in 2009 according to the Synovate Report commissioned by us. Our market shares in the global curtain wall market and the PRC curtain wall market in terms of revenue in 2009 was 5.7% and 20.8%, respectively, according to the Synovate Report. While industry data for our market rankings and market share in 2010 are currently unavailable, based on our actual revenue in 2010 and the estimated global and PRC curtain wall market size in 2010 as set out in the Synovate Report, we believe that we have maintained a similar market share in the global and PRC curtain wall market, respectively, in terms of revenue in 2010. Further, based on our estimated market share in 2010 and the assumption that our competitors' respective market shares in 2010 remained similar to those in 2009, we also believe that our market ranking in the global and PRC curtain wall market, respectively, in terms of revenue in 2010 remained similar to that in 2009. As a leading global provider of one-stop solutions for curtain wall systems, we mainly focus on public facilities and commercial buildings. We are a leading curtain wall provider with a comprehensive product portfolio. We have further developed various products by applying more complex design, new material or advanced technology to serve different functions, such as environmental protection, energy conservation and intelligent control. According to the Synovate Report, as of December 31, 2009, we had the second largest curtain wall production capacity in the world, which has enabled us to meet market demand on a timely basis and simultaneously undertake multiple large-scale projects. Our four production bases are strategically located in Shenyang, Shanghai, Chengdu and Foshan in China to serve our customers in different regional markets. We had established an extensive sales and marketing and service network covering 35 countries and regions as of December 31, 2010. We had 34 branch offices or subsidiaries in China covering 30 provinces, autonomous regions and municipalities and 25 branch offices or subsidiaries overseas as of December 31, 2010. We believe we are an industry leader in research, development and design of curtain walls and have one of the largest research, development and design teams among all major curtain wall providers in the world according to the Synovate Report. We are committed to continuously developing new and innovative curtain wall products and technologies and providing customized curtain wall solutions that can best meet customers' needs. We believe that, as a predominant leader in the curtain wall industry, we are well positioned to capture growth opportunities both in China and overseas.

We have achieved fast and stable growth in our revenue and profit during the Track Record Period. Our revenues for each of the three years ended December 31, 2008, 2009 and 2010 were approximately RMB5,911.3 million, RMB7,062.0 million and RMB9,260.9 million, respectively, representing a CAGR of 25.2%. Our net profit attributable to shareholders for each of the three years ended December 31, 2008, 2009 and 2010 was approximately RMB327.8 million, RMB660.5 million and RMB806.1 million respectively, representing a CAGR of 56.8%.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on February 26, 2010 as part of our Reorganization. Upon completion of the Reorganization on November 13, 2010, our Company became the holding company of the companies now comprising our Group. Since the companies now comprising our Group were controlled by the Controlling Shareholders before and after the Reorganization, there was a continuation of the risks and benefits to the Controlling Shareholders, and our financial information has been prepared on the basis of merger accounting as if our Group has always been in existence. The net assets of the combining companies are consolidated using the book values from the Controlling Shareholders' perspective. The equity interests of shareholders other than the Controlling Shareholders in the combining companies have been presented as non-controlling interests in our financial information.

Our consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements for the Track Record Period include the results of operations of the companies comprising our Group for the Track Record Period (or where the companies were incorporated or established on a date later than January 1, 2008, for the period from their respective incorporation or establishment date to December 31, 2010) as if our current group structure had been in existence throughout the Track Record Period. Our consolidated balance sheets as of December 31, 2008, 2009 and 2010 have been prepared to present the state of affairs of the companies comprising our Group as of the respective dates as if our current group structure had been in existence as of the respective dates.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Economic conditions in China and overseas

Our results of operations are subject to macro-economic conditions both in China and overseas, which affect the market demand for our curtain wall products and services through their effect on the construction and real estate industry. Since most of our projects and revenue come from the public infrastructure and commercial properties sector, we believe certain macro-economic factors affecting the growth and demand of public infrastructure and commercial properties have a significant impact on the demand of our products and our financial performance. We believe such factors primarily include macro-economic growth, urbanization, government expenditure on public infrastructure, the regulations on the property markets and the living standard in China and other overseas markets where we operate.

In China, due to the fast growing economy, accelerated urbanization and rising living standards, the demand for public infrastructure and commercial properties has been increasing, which has resulted in increasing demand for our curtain wall products. As a result, we have seen continued revenue and profit growth in China.

The economic conditions of overseas countries or regions in which we operate also significantly affect our results of operations because revenues from overseas account for an increasingly large portion of our total revenue.

Any changes in the economic and financial conditions of China and the overseas countries or regions in which we operate will affect the demand for new property developments and thereby affect the demand for, or prices of, our curtain wall products and services.

Competition in the curtain wall industry

We face competition in the curtain wall market, particularly during the project bidding process. We compete with our competitors in various aspects such as bidding price, curtain wall system design, product quality and after-sales services, which affects the number of projects that we will be awarded and profitability of the projects. We generally face more competition in new markets we are trying to enter than in our more established markets. The level of competition has impact on our ability to price our products at a desired level so as to achieve our target profitability. For projects that require the application of new products or complex structure that few curtain wall providers can offer, we may be able to price our products at a premium to maximize our profit. However, in order to win the projects where competition is intense, we may only be able to price our products at a level which can barely meet our profitability threshold. As such, competitions have had, and are expected to continue to have, significant impact on our business and financial performance. As the market leader in the curtain wall industry, we have focused on and will continue to focus on developing more higher value-added curtain wall products with our strong research and development capabilities to strengthen our competitive advantage and improve our pricing power.

Raw materials cost and installation cost

Raw material cost and installation cost account for a significant portion of our cost of sales. For the years ended December 31, 2008, 2009 and 2010, raw material cost accounted for 55.9%, 53.1% and 53.9% of our cost of sales, respectively. Fluctuations in the prices of raw materials could affect our gross margin if such increases are not taken into account in the pricing of our services and products. In particular, our purchase prices for aluminum extrusions is heavily dependant on the price of aluminum, which has fluctuated significantly during the Track Record Period. We have started hedging the risk of the fluctuations in aluminum prices through aluminum future contracts in 2008, and are planning in-house production of major raw materials such as aluminum extrusions and glass in the near future.

For the years ended December 31, 2008, 2009 and 2010, the installation cost, which are mainly the costs paid to contract workers for the installation of curtain walls, accounted for 18.9%, 22.5% and 22.4% of our cost of sales, respectively. Our installation cost, as a percentage of our cost of sales, has been increasing in the Track Record Period as a result of the increase of labor cost, the greater number of overseas projects we undertook and the greater complexity of projects we undertook.

Progress of our projects

Most of our projects require the installation of curtain wall, and we recognize our revenue and make progress billing based on the percentage-of-completion of our projects. Therefore, our revenue recognition and operating cash flow largely depend on the progress of curtain wall installation, which is affected by various factors, such as the progress of building construction, regulatory approval process and weather conditions.

In addition, pursuant to the percentage-of-completion method of accounting, revenues and profits are recognized ratably over the life of a contract based generally on the progress at the percentage of costs incurred to date to total costs estimated to be incurred for the entire project. Revisions to estimated costs are made when the relevant amounts are known or can be reasonably estimated. Although we use our best efforts to estimate the costs towards completion of our projects under construction, the uncertainties inherent in the estimating process mean that actual costs may vary materially from estimates.

Fluctuations in foreign currency exchange rates

We undertake curtain wall projects both in China and overseas and also sell curtain wall products overseas. Our revenues from overseas, which accounted for 33.2%, 38.6% and 35.4%, respectively, of our total revenue for the years ended December 31, 2008, 2009 and 2010, are denominated in various foreign currencies. However, for our overseas projects, we procure substantially all of our raw materials from PRC domestic suppliers in Renminbi and incur a majority of our installation cost in Renminbi through engaging contract workers from China for the installation. If the Renminbi significantly appreciates against foreign currencies, the revenue we realize from overseas contracts denominated in foreign currencies will be less than what we would realize at the foreign exchange rate at the time when we were tendering for the contracts, and we will sustain exchange losses on our receivables denominated in foreign currencies. Conversely, if the Renminbi significantly depreciates against foreign currencies, we will realize more revenue from overseas contracts denominated in foreign currencies, and receive exchange gains on our receivables denominated in foreign currencies.

To manage our foreign exchange risks, we have started hedging the risk of appreciation of the Renminbi against foreign currencies through entering into forward foreign exchange contracts with reputable banks. In practice, each of our regional divisions, according to the construction schedule of the relevant overseas projects, makes planning on the specific amount and timing for transferring funds in foreign currencies back to China after we win projects. Based on such planning, our designated financial personnel will propose the volume and type of forward foreign exchange contracts, generally with a maturity of one to three years, for the relevant foreign currencies according to their analysis of the foreign exchange market. One of our executive Directors in charge of international operations, makes the final determination on whether to hedge and, if so, the hedging volume and price. All our hedging operations are conducted by our designated financial personnel. Our hedging volume will not exceed the amount of corresponding funds in foreign currencies to be transferred back to China to ensure we can settle the forward foreign exchange contracts with the relevant foreign currencies. As a general principle, we will hedge when we expect a foreign currency will depreciate against the Renminbi during the relevant time period.

Taxation

Our profit is affected by tax exemptions and preferential tax treatments that we enjoy, which, if ceased, would adversely affect our profitability and financial condition. Our effective income tax rates for 2008, 2009 and 2010 were 14.3%, 21.9% and 21.4%, respectively. Our effective income tax rates were affected by the differing enacted income tax and corresponding tax preferential policies in each of the countries or regions where we operate, and the proportion of taxable income generated from different countries and regions.

CRITICAL ACCOUNTING POLICIES AND ACCOUNTING JUDGEMENTS AND ESTIMATES

Our accounting policies are important for an understanding of our financial condition and results of operation. We have identified certain accounting policies and accounting judgements and estimates that are significant to the preparation of our financial information. We set forth below those accounting policies and accounting judgments and estimates that we believe are most important for preparing our financial information.

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. When the outcome of a construction contract can be reliably estimated, contract costs are recognized as an expense to be used for calculation of the percentage of completion of the contract on the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a construction contract cannot be reliably estimated, contract costs are recognized as an expense in the period in which they are incurred.

When the outcome of a construction contract can be reliably estimated, revenue from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the total estimated contract costs for the contract. When the outcome of a construction contract cannot be reliably estimated, revenue is recognized only to the extent of contract costs incurred that is probable to be recoverable.

Construction contracts in progress on the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognized profit less recognized losses and progress billings, and are presented in the balance sheet as "gross amount due from customers for contract work," as an asset, or "gross amount due to customers for contract work," as a liability, as applicable. Progress billings not yet paid by the customer are included in the balance sheet under "trade receivable for contract work." Amounts received before the related work is performed are included in the balance sheet, as a liability, as "receipts in advance for contract work."

Revenue and profit recognition on an uncompleted project depends on the estimated total outcome of the construction contract as well as the work done to date. Based on our recent experience and the nature of the activity undertaken by us, we make estimates at the point when we consider the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the gross amount due from customers for contract work will not include profit which we may eventually realize from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated on the balance sheet date, which would affect the revenue and profit recognized in future periods as an adjustment to the amounts recorded to date.

Provision for warranties

We make provisions for warranties on curtain wall projects, taking into account our recent claim experience. As the curtain wall systems required by the customers become more complex, it is probable that the recent claim experience is not indicative of future claims that we will receive in respect of past construction of curtain wall projects. Any increase or decrease in the provision would affect the income statement in future periods.

Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when we have a legal or other obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Impairment of receivables

Our management maintains an allowance for doubtful accounts for estimated losses resulting from the inability of the debtors to make the required payments. The estimates are based on the assessment of recoverability of individual receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

DESCRIPTION OF CERTAIN INCOME STATEMENTS ITEMS

Revenue

We derive our revenues primarily from undertaking curtain wall projects around the world. All our revenues from China and most of our revenues from overseas are derived from the curtain wall projects we undertake, for which we provide both curtain wall products and installation services.

The following table sets forth our revenues from curtain wall projects in China and overseas and their percentages in the total revenue for the years indicated:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
China						
East China	1,336,950	22.6	1,704,120	24.1	2,085,631	22.5
Northeast China	949,106	16.0	964,735	13.7	1,230,962	13.3
North China	748,847	12.7	724,110	10.2	1,051,480	11.4
West China	576,906	9.8	584,221	8.3	870,868	9.4
South China	335,930	5.7	358,681	5.1	736,353	8.0
Subtotal	3,947,739	66.8	4,335,867	61.4	5,975,294	64.6
Overseas[1]						
Middle East	606,120	10.3	1,004,060	14.2	1,371,855	14.8
Europe	604,455	10.2	675,113	9.6	600,427	6.5
Australia	290,115	4.9	589,846	8.4	791,382	8.5
Asia [2]	233,135	3.9	250,642	3.5	364,797	3.9
United States	229,469	3.9	177,340	2.5	86,466	0.9
Other regions	233	0.0	29,136	0.4	70,691	0.8
Subtotal	1,963,527	33.2	2,726,137	38.6	3,285,618	35.4
Total	5,911,266	100.0	7,062,004	100.0	9,260,912	100.0

Notes:

(1) For the revenue breakdown by overseas countries, please see Section C Note 11 (c) (i) of the Accountants' Report included in Appendix I to this prospectus.

(2) Asia as used herein excludes China and the Middle East.

Cost of Sales

Cost of sales primarily represents the costs we incur directly in the execution of our curtain wall project contracts. Cost of sales primarily consists of cost of raw materials, installation costs, processing fees, on-site expenses, transportation costs, staff salaries and benefits, and research and development expenses.

The table below sets forth the breakdown of our cost of sales for the years indicated:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of raw materials	2,662,099	55.9	2,868,146	53.1	3,871,581	53.9
Installation costs	899,015	18.9	1,213,769	22.5	1,609,945	22.4
Processing fees	318,667	6.7	373,216	6.9	473,557	6.6
On-site expenses	173,669	3.6	218,700	4.0	280,743	3.9
Transportation costs	145,834	3.1	155,228	2.9	193,998	2.7
Staff salaries and benefits	171,204	3.6	175,827	3.3	232,491	3.2
Research and development expenses	121,438	2.5	136,386	2.5	200,807	2.8
Others	271,065	5.7	264,043	4.8	323,619	4.5
Total	4,762,991	100.0	5,405,315	100.0	7,186,741	100.0

The table below sets forth the breakdown of our cost of raw materials for the years indicated:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Aluminum extrusions	1,025,548	38.5	983,009	34.3	1,442,466	37.3
Glass	585,395	22.0	712,070	24.8	907,296	23.4
Steel	322,318	12.1	345,672	12.1	455,326	11.8
Stone sheets	149,585	5.6	180,744	6.3	232,334	6.0
Sealant	119,436	4.5	134,532	4.7	179,065	4.6
Auxiliary materials	459,817	17.3	512,119	17.8	655,094	16.9
Cost of raw materials	2,662,099	100.0	2,868,146	100.0	3,871,581	100.0

The increase of our cost of raw materials during the Track Record Period was primarily attributable to the increase of the number and size of the projects we undertook. The proportion of each type of raw material's cost in our total cost of raw materials fluctuated during the Track Record Period because different projects may require a different mix of raw materials and the purchase prices of raw materials also fluctuated. In particular, the changes of the proportion of aluminum extrusions cost in our total cost of raw materials were mainly a result of significant fluctuation of the aluminum price, which fell sharply during the last quarter of 2008 due to the global financial crisis and recovered gradually since 2009.

The following table sets forth the cost of sales for our curtain wall projects in China and overseas, accompanied by their percentages in the total cost of sales for the years indicated:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
China	3,081,050	64.7	3,440,488	63.7	4,777,204	66.5
Overseas	1,681,941	35.3	1,964,827	36.3	2,409,537	33.5
Total	4,762,991	100.0	5,405,315	100.0	7,186,741	100.0

Other Revenue

Other revenue primarily comprises (i) government grants, such as technology development subsidies, export subsidies, and awards for contributions to local economies and industry development; and (ii) income from operation leases.

Other Net Income/(Loss)

Other net income/(loss) primarily comprises net gain from sale of raw materials and net gain/(loss) on disposal of property, plant and equipment.

Selling Expenses

Selling expenses primarily comprise entertainment expenses, staff salaries and benefits, and travel expenses.

The table below sets forth the breakdown of our selling expenses for the years indicated:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Entertainment expenses	68,904	44.2	77,030	39.8	86,054	37.4
Staff salaries and benefits	57,369	36.8	75,866	39.2	93,625	40.7
Travel expenses	11,486	7.4	16,473	8.5	22,172	9.6
Others	18,146	11.6	24,241	12.5	28,203	12.3
Total	155,905	100.0	193,610	100.0	230,054	100.0

Administrative Expenses

Administrative expenses primarily comprise staff salaries and benefits, depreciation and amortization, office expenses, miscellaneous taxes, and travel expenses.

The table below sets forth the breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2008		2009		2010	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff salaries and benefits	402,600	75.6	474,287	77.3	560,353	72.2
Depreciation and amortization	28,722	5.4	31,114	5.1	39,227	5.1
Travel expenses	21,036	4.0	19,735	3.2	23,506	3.0
Office expenses	16,624	3.1	16,675	2.7	17,814	2.3
Miscellaneous taxes	15,587	2.9	16,665	2.7	18,836	2.4
Others	47,979	9.0	55,379	9.0	116,470	15.0
Total	532,548	100.0	613,855	100.0	776,206	100.0

Finance Costs

Finance costs primarily comprise interest expenses, interest income, foreign exchange gains or losses, and bank charges.

Income Tax

Income tax represents PRC income tax and overseas income tax.

China

Prior to January 1, 2008, income tax payable by foreign-invested enterprises in China was governed by the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法) (the "Old Tax Law") promulgated on April 9, 1991 and effective on July 1, 1991 and the related implementation rules. As we are a foreign-investment production enterprise, according to the Old Tax Law and the relevant implementation rules, the applicable foreign income tax rate was 27%, consisting of a state portion of 24% and a local portion of 3%, with the 3% of local portion refunded in the following year.

On January 1, 2008, the new Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "New Tax Law") and its implementing rules came into effect, providing for a unified tax rate of 25% for both foreign-invested and domestically owned companies.

Pursuant to the notice issued by the Liaoning branch of State Administration of Taxation entitled Approval for the Tax Preferential Policy for Shenyang Yuanda Aluminium Industry Engineering Co., Ltd. ("Shenyang Yuanda"), beginning in 2007, the taxable income generated from re-investment made in 2007 (deemed as 54.51% of our total taxable profit) is exempt from income tax in its first and second years and to a 50% reduction in its income tax rate for the third through fifth years.

Overseas

Our Company and our subsidiary incorporated in the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporations.

Certain subsidiaries of our Company incorporated in countries other than China and the British Virgin Islands are subject to income tax rates ranging from 8.5% to 35% pursuant to the rules and regulations of their respective countries of incorporation.

RESULTS OF OPERATIONS

The following table sets forth, for the years indicated, certain information relating to our income and expense items as derived from our consolidated income statement, the details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	Year ended December 31,		
	2008	**2009**	**2010**
	RMB'000	**RMB'000**	**RMB'000**
Turnover	5,911,266	7,062,004	9,260,912
Cost of sales	(4,762,991)	(5,405,315)	(7,186,741)
Gross profit	1,148,275	1,656,689	2,074,171
Other revenue	19,228	25,753	18,132
Other net income/(loss)	12,838	(3,548)	119
Selling expenses	(155,905)	(193,610)	(230,054)
Administrative expenses	(532,548)	(613,855)	(776,206)
Profit from operations	491,888	871,429	1,086,162
Finance costs	(112,941)	(41,889)	(84,805)
Profit before taxation	378,947	829,540	1,001,357
Income tax	(54,287)	(181,709)	(214,140)
Profit for the year	324,660	647,831	787,217
Attributable to:			
Equity shareholders of the Company	327,841	660,546	806,132
Non-controlling interests	(3,181)	(12,715)	(18,915)
Profit for the year	324,660	647,831	787,217
Earnings per share			
— Basic and diluted (RMB)	0.07	0.15	0.18

Year ended December 31, 2010 compared to year ended December 31, 2009

Revenue

Our revenue increased by RMB2,198.9 million, or 31.1%, from RMB7,062.0 million for the year ended December 31, 2009 to RMB9,260.9 million for the year ended December 31, 2010 primarily due to an increase in revenue derived from the projects we undertook both in China and overseas, particularly projects in China.

	Year ended December 31,			
	2009		2010	
	RMB'000	%	RMB'000	%
China				
East China	1,704,120	24.1	2,085,631	22.5
Northeast China	964,735	13.7	1,230,962	13.3
North China	724,110	10.2	1,051,480	11.4
West China	584,221	8.3	870,868	9.4
South China	358,681	5.1	736,353	8.0
Subtotal	4,335,867	61.4	5,975,294	64.6
Overseas[1]				
Middle East	1,004,060	14.2	1,371,855	14.8
Europe	675,113	9.6	600,427	6.5
Australia	589,846	8.4	791,382	8.5
Asia[2]	250,642	3.5	364,797	3.9
United States	177,340	2.5	86,466	0.9
Other regions	29,136	0.4	70,691	0.8
Subtotal	2,726,137	38.6	3,285,618	35.4
Total	7,062,004	100.0	9,260,912	100.0

Notes:

(1) For the revenue breakdown by overseas countries, please see Section C Note 11 (c) (i) of the Accountants' Report included in Appendix I to this prospectus.

(2) Asia as used herein excludes China and the Middle East.

Our revenue derived from China increased by RMB1,639.4 million, or 37.8%, from RMB4,335.9 million for the year ended December 31, 2009 to RMB5,975.3 million for the year ended December 31, 2010. The increase in revenue was primarily due to (i) an increase of RMB266.2 million in revenue from Northeast China, which was mainly driven by certain sizeable projects we undertook in this region, including Shenyang Exhibition Centre (瀋陽展覽中心) and Shenyang Hang Lung Square (瀋陽恒隆廣場) in connection with the city renewal project in Shenyang, (ii) an increase of RMB327.4 million in revenue from North China, which was mainly driven by certain sizeable projects in Beijing, including Huawei Office Building (華為北京辦公樓), Tianjin West Railway Station (天津西站) and the Headquarters of Microsoft (China) Research & Development Group (微軟(中國)研發集團總部), (iii) an increase of RMB381.5 million in revenue from East China, which was mainly driven by certain sizeable projects we undertook in this region as a result of the booming property market, including Huaxi Village Building (空中華西村大厦), Shanghai Tobacco Factory Office Building (上海捲煙廠辦公樓) and Shanghai Suning Electric Appliance Headquarters (上海蘇寧電器總部), (iv) an increase of RMB286.6 million in revenue from West China, which was mainly driven by certain sizeable projects we undertook in this region during the second phase of the Western Region Development Plan launched by the PRC government, including Guiyang Convention Centre (貴陽會展中心) and Three Gorges Building (成都三峽大厦), and (v) an increase of RMB377.7 million in revenue from South China, which was mainly driven by certain sizeable projects we undertook in this region, including Haikou Administration Centre (海口行政中心) and Shenzhen Bay Sports Centre (深圳灣體育中心), as we gradually built our reputation and improved our market position in this region.

Our revenue derived from overseas projects increased by RMB559.5 million, or 20.5%, from RMB2,726.1 million for the year ended December 31, 2009 to RMB3,285.6 million for the year ended December 31, 2010. The increase in revenue was primarily due to (i) an increase of RMB367.8 million in revenue from the Middle East as a result of more projects we undertook in this region and certain sizable projects we undertook, such as the Central Market Redevelopment in Abu Dhabi, (ii) an increase of RMB201.5 million in revenue from Australia as a result of certain sizeable projects we undertook, including City Square, Star City Casino, and 111 Eagle Street Building, and (iii) an increase of RMB114.2 million in revenue from Asia as a result of certain sizable projects we undertook, such as the National Stadium in Vietnam and Keangnam Hanoi Landmark Tower in Vietnam. The increases in revenue in these regions were partially offset by a decrease of RMB90.9 million and RMB74.7 million in revenue from the United States and Europe, respectively, as a result of completion of certain sizable projects in these regions in 2009.

Cost of sales

Our cost of sales increased by RMB1,781.4 million, or 33.0%, from RMB5,405.3 million for the year ended December 31, 2009 to RMB7,186.7 million for the year ended December 31, 2010. The increase in cost of sales was mainly driven by increase in sales. The increase in cost of raw materials, primarily in aluminum extrusions, also contributed to the increase in cost of sales.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB417.5 million, or 25.2%, from RMB1,656.7 million for the year ended December 31, 2009 to RMB2,074.2 million for the year ended December 31, 2010.

The gross profit margins for the years ended December 31, 2009 and 2010 were 23.5% and 22.4%, respectively. The decrease in gross profit margin was primarily due to an increase in purchase price of raw materials, primarily aluminum extrusions. In the year ended December 31, 2010, the average price of aluminum quoted on the SHFE for one-month future contract increased by 12.7% as compared to 2009.

Other revenue

Other revenue decreased by RMB7.7 million from RMB25.8 million for the year ended December 31, 2009 to RMB18.1 million for the year ended December 31, 2010. Such decrease was primarily due to a decrease in government subsidies of RMB3.9 million and a decrease in rental income of RMB3.7 million. The decrease in government subsidies was mainly because in 2010 we did not receive as much one-time government subsidies as we received in 2009. The decrease in rental income was due to the disposal of the equipments which were leased out to Brilliant Elevator in December 2009.

Other net income/(loss)

Other net income increased by RMB3.6 million from a loss of RMB3.5 million for the year ended December 31, 2009 to an income of RMB0.1 million for the year ended December 31, 2010. This mainly due to a decrease of net loss on disposal of property, plant and equipment as we did not dispose as much fixed assets as we disposed in 2009, and was partially offset by the decrease of net gain from sales of raw materials.

Selling expenses

Selling expenses increased by RMB36.5 million, or 18.9%, from RMB193.6 million for the year ended December 31, 2009 to RMB230.1 million for the year ended December 31, 2010. Such increase was primarily due to (i) an increase of RMB17.8 million in staff salaries and benefits as a result of salary raises and increase in the number of our sales staff in connection with our market expansion, (ii) an increase of RMB9.0 million in entertainment expenses for business development and market expansion, and (iii) an increase of RMB5.7 million in travel expenses.

Administrative expenses

Administrative expenses increased by RMB162.3 million, or 26.4%, from RMB613.9 million for the year ended December 31, 2009 to RMB776.2 million for the year ended December 31, 2010. The increase was primarily due to an increase of RMB86.1 million in staff salaries and benefits as a result of salary raises and an increase in the number of our administrative staff in line with business expansion and revenue growth.

Finance costs

Finance costs increased by RMB42.9 million, or 102.4% from RMB41.9 million for the year ended December 31, 2009 to RMB84.8 million for the year ended December 31, 2010 primarily due to an increase of RMB41.9 million in net foreign exchange loss (net off gain from forward foreign exchange contracts) mainly as a result of the appreciation of the Renminbi against the Euro and U.S. dollars for the year ended December 31, 2010.

Income tax

Income tax increased by RMB32.4 million, or 17.8%, from RMB181.7 million for the year ended December 31, 2009 to RMB214.1 million for the year ended December 31, 2010. Our effective tax rate slightly decreased from 21.9% for the year ended December 31, 2009 to 21.4% for the year ended December 31, 2010.

Profit for the year

Profit for the year ended December 31, 2010 increased by RMB139.4 million, or 21.5%, to RMB787.2 million from RMB647.8 million for the year ended December 31, 2009. Net profit margin remained relatively stable at 8.5% for the year ended December 31, 2010 as compared with 9.2% for the year ended December 31, 2009.

Profits attributable to our shareholders

Based on the above factors, profit attributable to our shareholders increased by RMB145.6 million, or 22.0%, from RMB660.5 million for the year ended December 31, 2009 to RMB806.1 million for the year ended December 31, 2010.

Losses attributable to non-controlling interests

Losses attributable to non-controlling interests was RMB18.9 million for the year ended December 31, 2010 and RMB12.7 million for the year ended December 31, 2009.

Year ended December 31, 2009 compared to year ended December 31, 2008

Revenue

Our revenue increased by RMB1,150.7 million, or 19.5%, from RMB5,911.3 million for the year ended December 31, 2008 to RMB7,062.0 million for the year ended December 31, 2009 primarily due to an increase in revenue derived from the projects we undertook both in China and overseas, particularly overseas projects.

	Year ended December 31,			
	2008		2009	
	RMB'000	%	RMB'000	%
China				
East China	1,336,950	22.6	1,704,120	24.1
Northeast China	949,106	16.0	964,735	13.7
North China	748,847	12.7	724,110	10.2
West China	576,906	9.8	584,221	8.3
South China	335,930	5.7	358,681	5.1
Subtotal	3,947,739	66.8	4,335,867	61.4
Overseas(1)				
Middle East	606,120	10.3	1,004,060	14.2
Europe	604,455	10.2	675,113	9.6
Australia	290,115	4.9	589,846	8.4
Asia(2)	233,135	3.9	250,642	3.5
U.S.	229,469	3.9	177,340	2.5
Other regions	233	0.0	29,136	0.4
Subtotal	1,963,527	33.2	2,726,137	38.6
Total	5,911,266	100.0	7,062,004	100.0

Notes:

(1) For the revenue breakdown by overseas countries, please see Section C Note 11 (c) (i) of the Accountants' Report included in Appendix I to this prospectus.

(2) Asia as used herein excludes China and the Middle East.

Our revenue derived from China increased by RMB388.2 million, or 9.8%, from RMB3,947.7 million for the year ended December 31, 2008 to RMB4,335.9 million for the year ended December 31, 2009. Our revenue from most of the regions in China except North China generally increased in 2009, and East China was the major growth contributor with an increase of RMB367.2 million, which was mainly driven by certain sizeable projects we undertook for the Expo 2010 Shanghai China, including Theme Pavilion of Expo 2010 Shanghai China (上海世博主題館) and Shanghai Expo Centre (上海世博中心) of Expo 2010 Shanghai China.

Our revenue derived from overseas projects increased by RMB762.6 million, or 38.8%, from RMB1,963.5 million for the year ended December 31, 2008 to RMB2,726.1 million for the year ended December 31, 2009. The increase in revenue was primarily due to (i) an increase of RMB397.9 million in revenue from the Middle East as a result of two sizable projects we undertook, the Nad Al Sheba Racecourse in Dubai and the Al Zeina at Al Raha Beach Development in Abu Dhabi, and (ii) an increase of RMB299.7 million in revenue from Australia as a result of our market expansion in that region.

Cost of sales

Our cost of sales increased by RMB642.3 million, or 13.5%, from RMB4,763.0 million for the year ended December 31, 2008 to RMB5,405.3 million for the year ended December 31, 2009. The increase in the cost of sales was mainly driven by the increase in sales. In particular, as we undertook more complex projects in the overseas markets, which usually incur more installation costs due to higher wage rate and more labor hours required, our installation costs increased by RMB314.8 million or 35.0%.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB508.4 million, or 44.3%, from RMB1,148.3 million for the year ended December 31, 2008 to RMB1,656.7 million for the year ended December 31, 2009.

The gross profit margin for the years ended December 31, 2008 and 2009 were 19.4% and 23.5%, respectively. The increase in the gross profit margin was primarily due to a decrease in the purchase price of our major raw materials, primarily aluminum extrusions. In 2009, the average price of aluminum quoted on the SHFE for one-month future contract decreased by 18.2% as compared to 2008.

Other revenue

Other revenue increased by RMB6.6 million from RMB19.2 million for the year ended December 31, 2008 to RMB25.8 million for the year ended December 31, 2009. Such increase was primarily due to receipt of export subsidies of RMB11.0 million from the Liaoning provincial government.

Other net income/(loss)

Other net income decreased by RMB16.3 million from RMB12.8 million net income for the year ended December 31, 2008 to RMB3.5 million net loss for the year ended December 31, 2009. This primarily resulted from the loss from disposal of certain property, plant and equipment for the year ended December 31, 2009.

Selling expenses

Selling expenses increased by RMB37.7 million, or 24.2%, from RMB155.9 million for the year ended December 31, 2008 to RMB193.6 million for the year ended December 31, 2009. Such increase was generally in line with increase of our revenue and was primarily due to (i) an increase of RMB18.5 million in staff salaries and benefits as a result of salary raises and an increase in the number of our sales staff in connection with our market expansion, (ii) an increase of RMB8.1 million in entertainment expenses for business development and market expansion, and (iii) an increase of RMB5.0 million in travel expenses.

Administrative expenses

Administrative expenses increased by RMB81.4 million, or 15.3%, from RMB532.5 million for the year ended December 31, 2008 to RMB613.9 million for the year ended December 31, 2009. The increase was primarily due to an increase of RMB71.7 million in staff salaries and benefits as a result of salary raises and increase in the number of administrative staff.

Finance costs

Finance costs decreased by RMB71.0 million, or 62.9%, from RMB112.9 million for the year ended December 31, 2008 to RMB41.9 million for the year ended December 31, 2009 primarily due to an increase of RMB77.4 million in net foreign exchange gain. In 2008, we recorded RMB40.7 million foreign exchange loss primarily due to the appreciation of the Renminbi against British pound sterling and Australian dollars. However, in 2009, we recorded RMB36.7 million of foreign exchange gain primarily because of the British pound sterling and Australian dollars appreciated against the Renminbi in 2009.

Income tax expenses

Income tax expenses increased by RMB127.4 million, or 234.6% from RMB54.3 million for the year ended December 31, 2008 to RMB181.7 million for the year ended December 31, 2009. Our effective tax rate increased from 14.3% for the year ended December 31, 2008 to 21.9% for the year ended December 31, 2009. This was primarily because our subsidiary Shenyang Yuanda, pursuant to PRC tax laws, enjoyed the exemption of income tax on its taxable income generated from re-investment for the years of 2007 and 2008, and started to pay a 50% reduced income tax on such taxable income from the year of 2009.

Profit for the year

Profit for the year ended December 31, 2009 increased by RMB323.1 million, or 99.5%, to RMB647.8 million from RMB324.7 million for the year ended December 31, 2008. Net profit margin increased from 5.5% for the year ended December 31, 2008 to 9.2% for the year ended December 31, 2009 primarily due to the increase of gross profit margin by 4.1%.

Profits attributable to our shareholders

Based on the above factors, profit attributable to our shareholders increased by RMB332.7 million, or 101.5%, from approximately RMB327.8 million for the year ended December 31, 2008 to RMB660.5 million for the year ended December 31, 2009.

Losses attributable to non-controlling interests

Losses attributable to non-controlling interests was RMB12.7 million for the year ended December 31, 2009 and RMB3.2 million for the year December 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we have financed our working capital, capital expenditures, dividend payments to our shareholders and other capital requirements primarily through a combination of equity investments from our Shareholders, our own operating cash inflow and bank borrowings. We expect to continue to fund our future capital expenditures, working capital and other cash requirements from cash generated from our operations, the net proceeds from the Global Offering and, when necessary, bank borrowings.

Cash Flows

The following table is a condensed summary of our consolidated cash flow statements for the years indicated:

	Year ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	788,371	551,363	(306,641)
Net cash used in investing activities	(227,535)	(167,558)	(168,160)
Net cash (used in)/generated from financing activities	(90,205)	(437,970)	300,431
Net increase/(decrease) in cash and cash equivalents	470,631	(54,165)	(174,370)
Cash and cash equivalents at the beginning of the year	292,356	737,631	705,905
Effect of foreign exchange rate changes	(25,356)	22,439	2,188
Cash and cash equivalents at the end of the year	737,631	705,905	533,723

We recognize revenue on the basis of the percentage of completion. However, we receive payments at specified milestones according to the relevant contracts. Before a milestone is reached, we may have finished a significant amount of work and correspondingly recognized significant revenue but we may not be able to demand payments from our customers. The revenue we recognized during any given years thus may not be matched with the cash flow we have received during the same years.

Cash Flows from Operating Activities

Our operating cash inflows are derived primarily from revenues from curtain wall projects undertaken by us. Our cash outflow from operations primarily include purchases of materials, wages of design and production staff, installation costs paid to labor agencies and our sub-contractors and tax paid.

For the year ended December 31, 2010, we had net cash used in operating activities of RMB306.6 million. The net operating cash flow primarily reflected our profit before taxation of RMB1,001.4 million for the year ended December 31, 2010, as adjusted by income tax paid of RMB184.6 million, income statement items with non-cash effect of RMB78.8 million and effect of non-operating activities of RMB81.2 million, and cash outflows due to the increase of RMB1,283.4 million in the balances of working capital. The increase of RMB1,283.4 million in the balances of working capital was mainly due to the combined effect of an increase of RMB110.3 million in inventories, an increase of RMB858.8 million in gross amount due from customers for contract work, an increase of RMB373.9 million in trade and bills receivables, a decrease of RMB429.4 million in gross amount due to customers for contract work and a decrease of RMB120.7 million in receipts in advance, which were partially offset by an increase of RMB559.7 million in trade and bills payables. The increase in the balances of working capital, which was in line with our business expansion and revenue growth, was mainly because, as compared with other years, we produced a higher proportion of unitized curtain wall products, which are a type of frame-supporting curtain wall consisting of framing components and panel materials. As such framing components and panel materials are assembled into a single curtain wall unit at our production facilities in advance of installation, unitized curtain wall products generally require more working capital as compared with other products. In addition, we had certain sizable projects that were newly commenced in the second half of 2010, which resulted in higher balance of amount due from customers for contract work at the end of 2010. Normally, newly commenced projects will result in higher balance of gross amount due from customers for contract work as we only receive 10% to 30% of the contract price from customers as prepayment upon signing contracts, while we can only bill our customers when it reaches certain milestones based on the actual work progress.

For the year ended December 31, 2009, we had net cash generated from operating activities of RMB551.4 million. The net operating cash flow primarily reflected our profit before taxation of RMB829.5 million for 2009, as adjusted by income statement items with non-cash effect of RMB71.6 million and effect of non-operating activities of RMB91.8 million, income tax paid of RMB160.1 million and cash outflows due to the increase of RMB281.4 million in the balances of working capital. The increase of RMB281.4 million in the balances of working capital was mainly due to the combined effect of an increase of RMB377.2 million in gross amount due from customers for contract work, an increase of RMB308.0 million in trade and bills receivables and a decrease of RMB61.5 million in receipts in advance, which were partially offset by an increase of RMB203.1 million in trade and bills payables and an increase of RMB257.6 million in gross amount due to customers for contract work. The increase in gross amount due from customers for contract work, trade and bills receivables, trade and bills payables and gross amount due to customers for contract work was mainly due to our business expansion and revenue growth.

For the year ended December 31, 2008, we had net cash generated from operating activities of RMB788.4 million. The net operating cash flow primarily reflected our profit before taxation of RMB378.9 million for 2008, as adjusted by income statement items with non-cash effect of RMB59.6 million and effect of non-operating activities of RMB72.2 million, income tax paid of RMB115.1 million and cash inflows due to the decrease in the balances of working capital of RMB392.8 million. The decrease of RMB392.8 million in the balances of working capital was mainly due to the combined effect of an increase of RMB202.0 million in trade and bills payables, an increase of RMB522.5 million in gross amount due to customers for contract work, an increase of RMB243.8 million in receipts in advance and an increase of RMB168.9 million in accrued expenses and other payables, which were partially offset by an increase of RMB517.4 million in gross amount due from customers for contract work, an increase of RMB115.3 million in trade and bills receivables and an increase of RMB65.3 million in deposits, prepayments and other receivables. The increase in trade and bills payables, gross amount due to customers for contract work, receipts in advance, gross amount due from customers for contract work and trade and bills receivables was mainly due to our business expansion and revenue growth. However, our balances of working capital decreased in 2008 primarily due to the impact of the global financial crisis, resulting in a temporarily slow down in the progress of certain of our sizable projects in the second half of 2008, leading to less working capital requirement from our construction work.

Cash Flows from Investing Activities

For the year ended December 31, 2010, our net cash used in investing activities was RMB168.2 million, primarily due to the construction work performed and equipment purchased for the new production facilities in the Shenyang and Shanghai production bases in the amount of RMB144.0 million and RMB23.8 million, respectively.

For the year ended December 31, 2009, our net cash used in investing activities was RMB167.6 million, primarily due to (i) land premium paid, the construction work performed and equipment purchased for the new production facilities in the new Shanghai production base in the amount of RMB96.0 million, and (ii) the land premium paid for the Shenyang production base in the amount of RMB66.6 million.

For the year ended December 31, 2008, our net cash used in investing activities was RMB227.5 million, primarily due to the construction work performed and equipment purchased for the new production facilities in the Shenyang production base in the amount of RMB181.6 million.

Cash Flows from Financing Activities

For the year ended December 31, 2010, our net cash generated from financing activities was RMB300.4 million, primarily due to additional bank loans obtained to fund our working capital as a result of our business expansion, which were partially offset by the deemed distributions to an affiliate of the Controlling Shareholders for the acquisition of a 75% equity interest in Shenyang Yuanda in connection with the Reorganization.

For the year ended December 31, 2009, our net cash used in financing activities was RMB438.0 million, primarily due to the net repayment of bank loans and net increase in advances granted to the Controlling Shareholders and their affiliates.

For the year ended December 31, 2008, our net cash used in financing activities was RMB90.2 million, primarily due to additional bank loans obtained to fund our working capital as a result of our business expansion, partially offset by net increase in advances granted to the Controlling Shareholders and their affiliates.

Net Current Assets

	As of December 31,			As of February 28,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Inventories	241,369	256,530	366,783	395,281
Gross amount due from customers for contract work	1,448,961	1,826,142	2,684,915	2,730,117
Trade and bills receivables	567,042	843,661	1,231,888	1,071,808
Deposits, prepayments and other receivables	414,773	510,800	549,839	603,686
Amounts due from the Controlling Shareholders and their affiliates	616,362	181,692	17,395	–
Cash and cash equivalents	737,631	705,905	533,723	475,068
	4,026,138	4,324,730	5,384,543	5,275,960
Current liabilities				
Trade and bills payables	1,030,260	1,233,364	1,792,796	1,573,139
Gross amount due to customers for contract work	1,055,305	1,312,894	883,479	1,007,658
Receipts in advance	347,901	286,386	165,692	264,045
Accrued expenses and other payables	358,305	421,301	497,546	287,022
Amounts due to the Controlling Shareholder and their affiliates	98,989	301,718	285,297	7,338
Bank and other loans	575,440	669,500	1,827,474	2,133,318
Income tax payable	58,382	107,040	140,222	138,281
Provision for warranties	22,336	45,647	60,204	60,500
	3,546,918	4,377,850	5,652,710	5,471,301
Net current assets/(liabilities)	479,220	(53,120)	(268,167)	(195,341)

As of February 28, 2011, we had net current liabilities of RMB195.3 million, consisting of RMB5,276.0 million of current assets and RMB5,471.3 million of current liabilities, which represented a decease of net current liabilities of RMB72.8 million from December 31, 2010. This decrease was primarily due to a decrease of RMB181.4 million in current liabilities, partially offset by a decrease of RMB108.6 million in current assets. The decrease in current liabilities mainly included a decrease of RMB219.7 million in trade and bills payables, a decrease of RMB278.0 million in amounts due to the Controlling Shareholders and their affiliates and a decrease of RMB210.5 million in accrued expenses and other payables, partially offset by an increase of RMB305.8 million in bank and other loans, which were mainly borrowed to settle our amounts due to the Controlling Shareholders and their affiliates and an increase of RMB124.2 million in gross amount due to customers for contract work. The decrease in current assets mainly included a decrease of RMB160.1 million in trade and bills receivables, partially offset by an increase of RMB45.2 million in gross amount due from customers for contract work.

As of December 31, 2010, we had net current liabilities of RMB268.2 million, consisting of RMB5,384.5 million of current assets and RMB5,652.7 million of current liabilities, which represented an increase of RMB215.1 million of liabilities from December 31, 2009. This increase was primarily due to an increase of RMB1,274.9 million in current liabilities, partially offset by an increase of RMB1,059.8 million in current assets. The increase in current assets mainly included an increase of RMB858.8 million in gross amount due from customers and an increase of RMB388.2 million in trade and bills receivables. The increase in current liabilities mainly included an increase of RMB1,158.0 million in bank and other loans mainly as a result of the HK$820.0 million bridge loan we obtained to finance our Reorganization, an increase of RMB559.4 million in trade and bills payables and an increase of RMB76.2 million in accrued expenses and other payables.

As of December 31, 2009, we had net current liabilities of RMB53.1 million, consisting of RMB4,324.7 million of current assets and RMB4,377.8 million of current liabilities, which represented a decrease of RMB532.3 million from December 31, 2008. This decrease was primarily due to an increase of RMB830.9 million in current liabilities, partially offset by an increase of RMB298.6 million in current assets. The increase in current liabilities was more than the increase in current assets primarily because we approved dividends of RMB818.2 million to the equity shareholders in 2009. The increase in current assets mainly include an increase of RMB377.2 million in gross amount due from customers, an increase of RMB276.6 million in trade and bills receivables, partially offset by a decrease of RMB434.7 million in amounts due from the Controlling Shareholders and their affiliates. The increase in current liabilities mainly included an increase of RMB257.6 million in gross amount due to customers, an increase of RMB203.1 million in trade and bills payables, an increase of RMB202.7 million in amounts due to the Controlling Shareholders and their affiliates and an increase of RMB94.1 million in bank and other loans.

As of December 31, 2008, we had net current assets of RMB479.2 million, consisting of RMB4,026.1 million of current assets and RMB3,546.9 million of current liabilities.

WORKING CAPITAL

Taking into account the estimated net proceeds from the Global Offering, banking facilities available to us and cash flows from our operations, our Directors have confirmed that we have sufficient working capital for our operations for at least the next 12 months from the date of this prospectus.

Receipts in advance

Receipts in advance refer to the amount of payment we receive from our customers in connection with the curtain wall projects for which we have not commenced construction. We normally receive a 10% to 30% of the contract price from customers as prepayment upon signing contracts. Once construction commenced, receipts in advance will become gross amount due to customers for contract work and are recognized as revenue in accordance with project progress. As of December 31, 2008, 2009 and 2010, our receipts in advance were RMB347.9 million, RMB286.4 million and RMB165.7 million, respectively.

The balance as of December 31, 2010 mainly included the receipts in advance related to Fiona Stanley Hospital in Australia, Qaramay Museum in Xinjiang, China, Crescent Mall Project in Vietnam and No. 9-11 parcel of land project in Hangzhou, China.

The balance as of December 31, 2009 mainly included the receipts in advance related to University Hospital in Dubai and Mercury City Tower in Russia.

The balance as of December 31, 2008 mainly included the receipts in advance related to University Hospital in Dubai and Mercury City Tower in Russia.

Gross amount due to customers for contract work

Gross amount due to customers for contract work represents, after construction of our curtain wall projects commences, the amounts that we have received from our customers while relevant construction work has not been carried out.

Gross amount due to customers for contract work decreased to RMB883.5 million as of December 31, 2010 from RMB1,312.9 million as of December 31, 2009, primarily due to (i) the progress of major projects in overseas markets where the gross amount due to these projects gradually decreased in line with the progress of such projects, and (ii) certain sizable projects we had at the end of 2009 for which we recorded higher gross amount due to customers for contract work as a result of the actual progress of our projects.

The gross amount due to customers for contract work increased to RMB1,312.9 million as of December 31, 2009 from RMB1,055.3 million as of December 31, 2008, primarily due to certain sizable projects we had at the end of 2009 for which we recorded gross amount due to customers for contract work as a result of the actual progress of our projects.

Gross amount due from customers for contract work

Gross amount due from customers for contract work represents the amounts that have been recognized using the percentage-of-completion method but have not been billed to our customers. We generally bill our customers pursuant to the terms of our project contracts.

The gross amount due from customers for contract work increased to RMB2,684.9 million as of December 31, 2010 from RMB1,826.1 million as of December 31, 2009, primarily due to (i) an increase in the number and the size of the projects we undertook as a result of the expansion of business in overseas markets, Northeast China and East China; and (ii) certain sizable projects we had at the end of 2010 for which we recorded gross amount due from customers for contract work as a result of the actual progress of our projects.

The gross amount due from customers for contract work increased to RMB1,826.1 million as of December 31, 2009 from RMB1,449.0 million as of December 31, 2008, primarily due to an increase in the number and the size of the projects we undertook as a result of the expansion of business in overseas markets and East China.

Trade and bills receivables

Our trade and bills receivables represent the amount which we have billed our customers but has not been settled, net of allowance for doubtful debts.

The following table shows the breakdown of our trade and bills receivables as of December 31, 2008, 2009 and 2010:

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Trade receivable for contract work due from:			
– Third parties	615,819	885,367	1,297,751
– An affiliate of the Controlling Shareholders	–	9,175	22,111
	615,819	894,542	1,319,862
Bills receivable for contract work	9,918	20,500	20,320
Trade receivable for sale of raw materials:			
– Third parties	6,284	2,413	1,645
– An affiliate of the Controlling Shareholders	8,291	9,151	2,717
	14,575	11,564	4,362
	640,312	926,606	1,344,544
Less: allowance for doubtful debts	(73,270)	(82,945)	(112,656)
	567,042	843,661	1,231,888

The amount of retentions receivable from customers included in trade and bills receivables (net of allowance for doubtful debts) was RMB289.7 million, RMB262.4 million and RMB247.6 million as of December 31, 2008, 2009 and 2010, respectively.

The following table shows the movement of retentions receivable (net of allowance for doubtful debts) from customers during each year of the Track Record Period:

	Years ended 31 December		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
At the beginning of the year	244,324	289,715	262,355
Addition during the year	81,350	77,957	110,798
Collection during the year	(35,959)	(105,317)	(125,576)
At the end of the year	289,715	262,355	247,577

Except for retentions receivable (net of allowance for doubtful debts) of RMB110.4 million, RMB92.4 million and RMB114.4 million as of December 31, 2008, 2009 and 2010, respectively, all of the remaining trade and bills receivables are expected to be recovered within one year.

Of the RMB1,231.9 million trade and bills receivables (net of allowance for doubtful debts) as of December 31, 2010, RMB798.4 million, or 64.8% had been subsequently settled up to February 28, 2011.

Trade and bills receivables were RMB1,231.9 million as of December 31, 2010, compared to RMB843.7 million as of December 31, 2009. This increase was primarily due to an increase in the number and the size of the projects we undertook as a result of the expansion of business in overseas markets, North China and East China.

Trade and bills receivables were RMB843.7 million as of December 31, 2009 compared to RMB567.0 million as of December 31, 2008. This increase was primarily due to an increase in the number and the size of the projects we undertook as a result of the expansion of business in overseas markets and East China.

The aging analysis of our trade and bills receivables (net of allowance) as of the dates indicated is as follows:

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Within 1 month	144,562	276,575	452,640
More than 1 month but less than 3 months	56,313	133,333	244,390
More than 3 months but less than 6 months	76,118	132,421	247,111
More than 6 months but less than 1 year	109,092	120,383	118,442
More than 1 year but less than 2 years	95,668	103,240	103,159
More than 2 years but less than 3 years	85,289	77,709	66,146
Total	567,042	843,661	1,231,888

Generally no credit period is granted to our customers, which are required to make payment pursuant to the relevant project contracts. Our Directors are of the view that it is a general practice in the industry that customers will settle progress billings within one to three months from the date of billing.

We record impairment losses in respect of trade and bills receivables using an allowance account unless we are satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

The table below sets forth the movements in the allowance for our doubtful debts during the Track Record Period:

	Years ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
At the beginning of the year	65,194	73,270	82,945
Impairment loss recognized	9,884	15,883	31,173
Uncollectible amounts written off	(1,808)	(6,208)	(1,462)
At the end of the year	73,270	82,945	112,656

As of December 31, 2008, 2009 and 2010, our trade and bills receivables of RMB363.3 million, RMB384.3 million and RMB400.4 million, respectively, were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and we assessed that only a portion of the receivables was expected to be recovered. Accordingly, specific allowances for doubtful debts of RMB73.3 million, RMB82.9 million and RMB112.7 million, respectively, were recognized. We do not hold any collateral over these balances.

Set forth below are our net contract work receivables for the years indicated:

	Year ended December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Gross amount due from customers for contract work	1,448,961	1,826,142	2,684,915
Trade and bills receivables	567,042	843,661	1,231,888
Gross amount due to customers for contract work	(1,055,305)	(1,312,894)	(883,479)
Net contract work receivables	960,698	1,356,909	3,033,324

Note:

(i) Net contract work receivables = gross amount due from customers for contract work + trade and bill receivables - gross amount due to customers for contract work

Set forth below are our net contract work receivables turnover days for the years indicated:

	Year ended December 31,		
	2008	2009	2010
Net contract work receivables turnover days(1)	56	60	87

Note:

(1) Net contract work receivables turnover days = average of beginning and ending balance of net contract work receivables (net of allowance)/revenue x 365 days for a year.

Our net contract work receivables turnover days were 56 days, 60 days and 87 days in each of the years ended December 31, 2008, 2009 and 2010. Our net contract work receivables turnover days for the year ended December 31, 2009 increased to 60 days from 56 days for the year ended December 31, 2008 primarily because our customers slowed down payment in 2009 as a result of a lack of liquidity in the market due to the impact of financial crisis. Our net contract work receivables turnover days further increased to 87 days primarily because we produced a higher proportion of unitized curtain wall products, which require more working capital as they are fabricated and assembled at our production facilities in advance of installation, in 2010 as compared with 2009, resulting in a higher gross amount due from customers for contract work and, in turn, a higher net contract work receivables. In addition, we had certain sizable projects which were newly commenced in the second half of 2010 and, at the end of 2010, substantial percentages of these projects had been completed but not yet reached the milestones for progress billing in accordance with the relevant contract terms. Therefore, these projects recorded a significant gross amount due from customers for contract work, which also substantially contributed to our overall higher balance of gross amount due from customers for contract work at the end of 2010 as compared with that at the end of 2009.

Inventories

Our inventories primarily consist of materials used in fabrication of curtain wall products, including aluminum extrusions, glass, steel and sealant. We record our inventories at the lower of cost and net realizable value.

As of December 31, 2008, 2009 and 2010, we had inventories of RMB241.4 million, RMB256.5 million and RMB366.8 million, respectively. The increase in inventories was primarily due to the increase in the purchase of raw materials for fabrication of curtain wall products as a result of our business growth.

The following table shows the inventories and the write-down of inventories as of December 31, 2008, 2009, and 2010:

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Raw materials	246,453	265,436	382,143
Less: write-down of inventories	(5,084)	(8,906)	(15,360)
	241,369	256,530	366,783

We recorded a write-down of inventories of RMB5.1 million, RMB8.9 million and RMB15.4 million as of December 31, 2008, 2009 and 2010, respectively. We made provisions for customized raw materials that were purchased for some projects, but were not used up upon the completion of these projects and can not be further used for other projects.

Set forth below are our inventory turnover days for the years indicated:

	Year ended December 31,		
	2008	2009	2010
Average inventory turnover days(1)	32	32	29

Note:

(1) Average inventory turnover days = average of beginning and ending balance of inventory (net of allowance)/ cost of raw materials x 365 days for a year.

Our average inventory turnover days for the years ended December 31, 2008 and 2009 remained stable at 32 days and decreased slightly for the year ended December 31, 2010.

Of the RMB366.8 million raw materials (net of allowance) as of December 31, 2010, RMB283.8 million or 77.4% had been subsequently used for production up to February 28, 2011.

Deposits, prepayments and other receivables

The following table sets forth the breakdown of our deposits, prepayments and other receivables for the years indicated:

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Prepayment for purchase of inventories	160,212	204,502	194,960
Prepayment and deposits for operating leases	35,987	33,323	22,636
Deposits for construction contracts' bidding and performance	123,188	170,598	188,930
Deposits for purchase of forward foreign exchange and aluminum contracts	51,614	32,960	56,356
Advances to staff	31,829	33,424	32,291
Others	15,891	39,941	58,614
	418,721	514,748	553,787
Less: allowance for doubtful debts	(3,948)	(3,948)	(3,948)
	414,773	510,800	549,839

Others primarily comprise prepayment for costs incurred in connection with the proposed Global offering, advances to third parties, derivative financial instruments held as cash flow hedging instruments – forward foreign exchange contracts and other derivatives – forward aluminum contracts.

Our deposits, prepayments and other receivables increased to RMB549.8 million as of December 31, 2010 from RMB510.8 million as of December 31, 2009, primarily due to an increase of RMB23.4 million in deposits for purchase of forward foreign exchange and aluminum contracts and an increase of RMB18.3 million in deposits for construction contracts' bidding and performance.

Our deposits, prepayments and other receivables increased to RMB510.8 million as of December 31, 2009 from RMB414.8 million as of December 31, 2008, primarily due to an increase of RMB44.3 million in prepayment for purchase of inventories and an increase of RMB47.4 million in deposits for construction contracts' bidding and performance.

Amounts due from the Controlling Shareholders and their affiliates

As of December 31, 2008, 2009 and 2010, our amounts due from the Controlling Shareholders and their affiliates were RMB616.4 million, RMB181.7 million and RMB17.4 million. These Controlling Shareholders and their affiliates include both PRC individuals and PRC corporate entities.

According to the Reply of the Supreme People's Court on How to Determine the Validity of the Loans Between Individuals and Enterprises (《最高人民法院關於如何確認公民與企業之間借貸行為效力問題的批復》), loans made between individuals and enterprises are legal and valid. Therefore, our PRC legal counsel is of the view that the advances we made to individuals who are PRC residents, regardless of whether they were interest-bearing, do not violate the relevant PRC laws.

According to the General Principles of Loans (《貸款通則》) promulgated by PBOC in 1996, lending among non-financial institutions is prohibited. A corporation in violation of such regulation may be subject to a fine of one to five times of its interest income. During the Track Record Period, we made advances to the affiliates of the Controlling Shareholders and received interest payment in a total amount of RMB12.1 million, which were not in compliance with the General Principals of Loans. As a result, we may be subject to a fine of up to a maximum amount of RMB60.5 million due to such non-compliance. However, our above advances to corporate entities were part of an intra-group funding arrangements prior to the Reorganization, under which we extended advances to certain companies controlled by the Controlling Shareholders. Such arrangements, which were not for profit purpose, were made in order to facilitate the intra-group funds allocation according to the actual need of the member companies controlled by the Controlling Shareholders. No disputes have ever arose from these funding arrangements and we have never received any penalties from the PBOC so far. We have settled all such advances to corporate entities prior to the completion of the Reorganization, after which we have not entered, and undertake not to enter, into any lending arrangement with corporate entities. As such, our PRC legal counsel is of the view that, since in practice it is uncommon for PBOC to penalize a company which has ceased lending among non-financial institutions retrospectively, our previous advances to corporate entities as discussed above will not have any material and adverse effect on our business and results of operations.

All our amounts due from the Controlling Shareholders and their affiliates as of December 31, 2010 were amounts due from individuals. We will settle all such balance prior to the Listing.

Trade and bills payables

Our trade and bills payables represent mainly payables to suppliers of raw materials and payables to subcontractors. We had trade and bills payables of RMB1,030.3 million, RMB1,233.4 million and RMB1,792.8 million as of December 31, 2008, 2009 and 2010, respectively.

The following table sets out the breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Trade payable for purchase of inventories:			
– Third parties	756,626	775,833	1,121,789
– Affiliates of the Controlling Shareholders	22,168	37,413	68,356
	778,794	813,246	1,190,145
Trade payable to sub-contractors	48,966	93,208	92,739
Bills payable	202,500	326,910	509,912
	1,030,260	1,233,364	1,792,796

Trade and bills payables increased from RMB1,030.3 million as of December 31, 2008 to RMB1,233.4 million as of December 31, 2009, and to RMB1,792.8 million as of December 31, 2010, all in line with our business expansion.

Set forth below are our trade and bills payables turnover days for the years indicated:

	Year ended December 31,		
	2008	2009	2010
Trade and bills payables turnover days[1]	97	101	101

Note:

(1) Trade and bills payables turnover days = average of beginning and ending balance of trade and bills payables/cost of raw materials and installation costs x 365 days for a year.

Our trade and bills payables turnover days were 97 days, 101 days and 101 days in the years ended December 31, 2008, 2009 and 2010, respectively. Our trade and bills payables turnover days remained relatively stable during the Track Record Period. We typically seek to match the cash received with the payment to be made in order to control our cash flow.

The aging analysis of our trade and bills payables as of the dates indicated is as follows:

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Due within 1 month or on demand	835,760	946,454	1,526,376
Due after 1 month but within 3 months	81,900	98,200	81,100
Due after 3 months	112,600	188,710	185,320
Total	1,030,260	1,233,364	1,792,796

Accrued expenses and other payables

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Payable for staff related costs	210,393	246,749	297,954
Payable for construction and purchase of property, plant and equipment	34,759	51,104	60,137
Deposits from sub-contractors	11,387	15,558	19,665
Payable for transportation and insurance expenses	19,627	26,540	21,295
Payable for miscellaneous taxes	48,115	68,810	62,114
Others	34,024	12,540	36,381
	358,305	421,301	497,546

Others primarily comprise payable for costs incurred in connection with the proposed Global Offering, derivative financial instruments held as cash flow hedging instruments – forward foreign exchange contracts and other derivatives – forward aluminum contracts.

Accrued expenses and other payables increased from RMB358.3 million as of December 31, 2008 to RMB421.3 million as of December 31, 2009 and then to RMB497.5 million as of December 31, 2010. The increase was primarily due to the increase in the numbers of projects under progress during the Track Record Period.

Amounts due to the Controlling Shareholders and their affiliates

As of December 31, 2008, 2009 and 2010, our amounts due to the Controlling Shareholders and their affiliates were RMB99.0 million, RMB301.7 million and RMB285.3 million, respectively.

For the amounts due to the Controlling Shareholders and their affiliates as of December 31, 2010, we will settle the balance prior to the Listing.

Provision for warranties

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
At the beginning of the year	26,313	50,644	83,354
Additional provision made	27,342	35,697	43,161
Provisions utilized	(3,011)	(2,987)	(18,946)
At the end of the year	50,644	83,354	107,569
Less: amount included under current liabilities at year end	(22,336)	(45,647)	(60,204)
	28,308	37,707	47,365

After completion for our projects, we generally provide our customers with maintenance and alteration services to resolve any problem encountered by our customers in their use of our products and we generally provide our customers a warranty period of up to 10 years. Provision is therefore made for the best estimate of the expected settlement under our construction contracts. The amount of provision takes into account our recent claim experience and is only made where a warranty claim is probable. Since provision is made based on our recent claim experience, we consider that the provision made during the Track Record Period is adequate. The increases in provision for warranties during the Track Record Period were primarily due to the increases in the number and size of projects we undertook as a result of our business expansion, particularly in overseas markets.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Borrowings

The following table sets forth our outstanding borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Long-term bank loans:				
Bank loans	418,500	359,500	50,000	–
Less: current portion of long-term bank loans	(119,500)	(309,500)	(50,000)	–
Total	299,000	50,000	–	–
Short-term bank and other loans:				
Bank loans	375,000	280,000	1,677,489	1,873,318
Loans from other financial institutions	80,940	80,000	99,985	260,000
	455,940	360,000	1,777,474	2,133,318
Add: current portion of long-term bank loans	119,500	309,500	50,000	–
	575,440	669,500	1,827,474	2,133,318

Some of our bank borrowings are guaranteed by, or secured by the assets of, solely or jointly with our own assets, affiliates of the Controlling Shareholders who are not members of our Group. Such bank borrowings amounted to RMB693.5 million, RMB539.5 million, RMB50.0 million and nil as of December 31, 2008, 2009 and 2010 and February 28, 2011, respectively. Such guarantees or securities will be released immediately prior to the Listing.

Some of our banking borrowings are solely secured by our property, plant, equipment and land use rights, which amounted to RMB100.0 million, RMB100.0 million, RMB400.0 million and RMB400.0 million as of December 31, 2008, 2009 and 2010 and February 28, 2011, respectively.

On November 19, 2010, we also entered into a bridge loan facility arrangement in the amount of HK$820.0 million with Standard Chartered Bank (Hong Kong) Limited. As of February 28, 2011, the balance of our borrowings pursuant to this facility amounted to RMB688.3 million. As security for the Loan, we have granted a charge in respect of our shares in Well Galaxy and Yuanda Hong Kong, the funds deposited in the account opened for the purpose of the Loan Agreement and our rights under loans to our subsidiaries, and each of Best Outlook, Neo Pioneer and Long Thrive have charged their interests in our Company, in favor of the Lender as security for the Loan. Such charges on our Shares will be immediately released upon the Listing. For other details of the bridge loan facility, see the section entitled "History and Reorganization – Bridge Loan Facility" in this prospectus.

Our gearing ratio, as calculated by dividing our interest bearing debts by our total equity, was 73.3%, 70.7% and 210.9% as of December 31, 2008, 2009 and 2010, respectively.

Our gearing ratio as of December 31, 2010 increased to 210.9% from 70.7% as of December 31, 2009, primarily due to an increase of RMB1,108.0 million in interest bearing debts mainly as a result of the HK$820.0 million bridge loan we obtained to finance our Reorganization and a decrease of RMB151.0 million in total equity.

Our gearing ratio as of December 31, 2009 decreased to 70.7% from 73.3% as of December 31, 2008, primarily due to a net payment of interest bearing debts of RMB154.9 million, which was partially offset by a decrease of RMB175.8 million in total equity.

The table below sets forth the maturity profiles of our long-term bank loans as of the dates indicated:

	As of December 31,			As of February 28, 2011
	2008	2009	2010	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	119,500	309,500	50,000	–
After 1 year but within 2 years	299,000	50,000	–	–
	418,500	359,500	50,000	–

As of February 28, 2011, we have unutilized banking facilities of RMB215.0 million. Our Directors have confirmed that we currently have no plan to raise material debt financing.

Contingent Liabilities

(a) Guarantees issued

We are required under some of our curtain wall contracts to provide performance bonds in an amount equal to the contract sum. Under some contracts where our customers are not entitled to keep retention money after completion of projects, we are required to provide guarantees to serve the same purpose of retention money. In addition, we are required to provide guarantees in order to conduct project bidding. Our contingent liabilities as of the dates indicated below are as follows:

	As of December 31,			As of February 28, 2011
	2008	2009	2010	
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees for construction contracts' bidding, performance and retentions	1,617,706	1,836,052	2,221,102	2,118,625

As of each balance sheet date, our Directors do not consider it probable that a claim in excess of our provision for warranties will be made against us under any of the guarantees. Our maximum liability on each balance sheet date under the guarantees issued is as the amounts disclosed above.

(b) Contingent liabilities in respect of legal claims

We are currently involved in a number of lawsuits or arbitrations, including four material legal proceedings arising out of the curtain wall projects we undertook in the ordinary course of our business, which are pending in India, the United States, Kuwait and Germany, respectively. Further details pertaining to these four proceedings are set out in the section entitled "Business — Legal Proceedings and Material Claims" in this prospectus. Based on our local legal counsel's advice, our Directors do not believe it is probable that we will be held liable in the four overseas proceedings and no provision has therefore been made for the related claims.

Except for the borrowings and contingent liabilities disclosed in this section entitled "Indebtedness and Contingent Liabilities" and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as of February 28, 2011, we did not have other outstanding mortgages, charges, indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

In addition, our Directors have confirmed that since February 28, 2011 up to Latest Practicable Date, there had been no material adverse change in the level of indebtedness or contingent liabilities of our Group.

CAPITAL COMMITMENTS AND EXPENDITURES

Capital Commitments

We have entered into several contracts to purchase land use rights, construct buildings, plant and machinery. The table below sets forth the total amount of our commitments as of the balance sheet dates indicated.

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Commitments in respect of land and buildings, and machinery and equipment			
– Contracted for	8,219	11,833	35,821
– Authorised but not contracted for	45,366	26,048	82,605
	53,585	37,881	118,426

We intend to use our internal funds to make payment for all our capital commitments as of December 31, 2010.

Operating Leases

We lease certain land, plant and buildings, motor vehicles and other equipment under operating leases. None of the operating leases includes contingent lease rentals. The table below sets forth our future minimum lease payments under non-cancellable operating leases as of the balance sheet dates indicated.

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Within 1 year	10,289	18,436	12,957
After 1 year but within 5 years	3,365	2,470	6,736
After 5 years	3,178	3,093	3,947
	16,832	23,999	23,640

Capital Expenditures

The following table sets forth a summary of our capital expenditures during the Track Record Period:

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Purchase of property, plant and equipment and land use rights	223,014	195,213	410,469

We expect to spend approximately RMB571.4 million, RMB242.7 million and RMB174.9 million on capital expenditures for purchase of land, plant and equipment in the years ending December 31, 2011, 2012 and 2013, respectively. We anticipate that the funds needed for our capital expenditures will be financed by cash generated from our operations, as well as net proceeds from the Global Offering. If necessary, we may raise additional bank borrowings on terms that are acceptable to us.

Our ability to obtain additional funding in the future is subject to a variety of uncertainties, including our future results of operations, financial condition and cash flows, economic, political and other conditions in the jurisdictions in which we operate.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of market risks including currency risk, credit risk, commodity price risk, liquidity risk and interest rate risk in the ordinary course of business.

Currency Risk

We are exposed to currency risk primarily through revenue from contract work and purchases of imported materials which give rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate.

A significant portion of our revenue is derived from contracts for overseas curtain wall projects, and these contracts are generally settled in foreign currencies. If the Renminbi significantly appreciates against foreign currencies, the revenue we realize from overseas contracts denominated in foreign currencies will be less than that we would realize at the foreign exchange rate at the time when we were tendering for the contracts, and we will sustain exchange losses on our receivables denominated in foreign currencies. Vice versa, if the Renminbi significantly depreciates against foreign currencies, we will realize more revenue from overseas contracts denominated in foreign currencies, and receive exchange gains on our receivables denominated in foreign currencies.

In light of the significant fluctuations of foreign currencies against the Renminbi during the global financial crisis in 2008, we commenced the use of forward foreign exchange contracts in 2009 with a view to minimize our exposure to currency risk. Please see the section entitled "Financial Information — Key Factors Affecting Our Results of Operations – Fluctuations in foreign currency exchange rates" in this prospectus for more details. We believe that the Renminbi will appreciate against most foreign currencies in the foreseeable future. Accordingly, we will continue to increase the use of forward foreign exchange contracts to hedge against currency risk.

Credit risk

Our credit risk is primarily attributable to gross amount due from customers for contract work, trade and other receivables and derivative financial instruments. We have a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

In respect of the remaining gross amount due from customers for contract work and trade and other receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. We generally require customers to settle progress billings in accordance with contracted terms. Credit terms may be granted to customers, depending on credit assessment carried out by management on an individual customer basis. Normally, we do not obtain collateral from customers.

Transactions involving derivative financial instruments are entered into with either banks or recognized futures exchange in China, and with whom we have signed netting agreements. Given the high credit standing of the banks and futures exchange in China, we do not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated balance sheets after deducting any impairment allowance. We do not provide any guarantees which would expose us to credit risk.

Commodity price risk

Aluminum extrusions are one of the main components used to manufacture our curtain wall products, which accounted for approximately 38.5%, 34.3% and 37.3% of our raw materials costs for the years ended December 31, 2008, 2009 and 2010, respectively. We tender for curtain wall contracts based on our estimate of the price of aluminum at the time we purchase the aluminum extrusions. There is a time lag between the time we submit our tender and the time we purchase aluminum extrusions for the relevant project, if our tender is successful. Any substantial increase in the price of aluminum between the time of submission of our tender and the time we purchase the aluminum extrusions may therefore substantially increase our raw materials costs. As a result, we may only realize a profit lower than budget, or even incur losses.

The costs of aluminum extrusions are largely dependent on the price of aluminum, which have fluctuated significantly in the past. In order to control our exposure to price fluctuation of aluminum-related products, we enter into future contracts through Shanghai Futures Exchange. Please see the section entitled "Business — Supplies and Suppliers — Aluminum Extrusions" in this prospectus for more details. These arrangements are designed to fix our aluminum purchase prices in advance through hedging between the aluminum spot market and future market.

Liquidity risk

Individual operating entities within our Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of financings to cover expected cash demands, where financings are centrally managed by our head office. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest rate risk

Our interest rate risk arises primarily from interest bearing borrowings. Borrowings issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively. We adopt a policy where it will negotiate with banks and financial institutions and attempt to maintain a relatively higher level of fixed rate borrowings during times when the economy is growing, in a view that interest rates will generally increase during these years. In contrast, we will negotiate with banks and financial institutions and attempt to maintain a relatively lower level of fixed rate borrowings when the economy is recessing, in a view that interest rates will generally decrease during these years.

DISTRIBUTABLE RESERVES

Our Company was incorporated on February 26, 2010 and has not carried out any business since the date of its incorporation except for the Reorganization. Accordingly, there is no reserve available for distribution to our equity shareholders as of December 31, 2010.

DIVIDEND POLICY

For the years ended December 31, 2008, 2009 and 2010, we declared and settled dividends in the amount of RMB115.8 million, RMB818.2 million and nil, respectively. After the Listing, we intend to distribute approximately 20% to 30% of our net profits attributable to shareholders in each financial year as dividends. However, the distribution of dividends shall be formulated by our Board of Directors and is subject to Shareholder’s approval at our general meeting. The amount of dividends actually distributed to our Shareholders will also depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant at such time.

In addition, the payment and amount of any dividends declared will be subject to our Articles of Association and the relevant laws and regulations. Our Articles of Association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserves set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. Future dividend payments will also depend upon the availability of dividends received from our subsidiary companies in China. PRC laws require that dividends be paid only out of the net profits calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign investment enterprises to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary companies may also be restricted if they incur debts or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiary companies may enter into in the future.

PROPERTY INTERESTS AND VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests of our as of February 28, 2011. The text of its letter, a summary of valuation and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV to this prospectus.

The table below sets out the reconciliation of the net book value of our property interests as of date of last audited accounts with the valuation of such interests as of February 28, 2011 as stated in Appendix IV to this prospectus:

	RMB'000
Valuation of properties with certificates as of February 28 as set out in the Valuation Report included in Appendix IV	1,113,104
Valuation of properties without certificates as at February 28 as set out in the Valuation Report included in Appendix IV	436,303
Net book value of the following properties as of December 31, 2010 as set out in the Accountants' Report of the Company included in Appendix I	
— Plant and buildings	483,580
— Construction In Process	27,077
— Lease Prepayments	614,672
	1,125,329
Add: Additional cost of properties during the period from January 1, 2011 to February 28, 2011.	–
Add: Additional cost of construction in process during the period from January 1, 2011 to February 28, 2011	6,028
Add: Additional cost of lease payments during the period from January 1, 2011 to February 28, 2011	15,739
Less: Depreciation of properties during the period from January 1, 2011 to February 28, 2011	4,433
Less: Amortization of lease payments during the period from January 1, 2011 to February 28, 2011	2,085
Net book value of properties as at February 28, 2011 subject to valuation as set out in the Valuation Report included in Appendix IV	1,140,578
Net revaluation surplus	412,754

PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2011

We have prepared the following profit forecast for the six months ending June 30, 2011 on the bases and assumptions described in Appendix III to this prospectus. You should read the bases and assumptions in Appendix III to this prospectus when you analyze our profit estimate for the six months ending June 30, 2011.

Forecasted consolidated profit attributable to equity shareholders of the Company for the six months ending June 30, 2011(1)(2)(3)	not less than RMB410.5 million (equivalent to approximately HK$488.5 million)
Unaudited pro forma forecasted earnings per Share(4)	not less than RMB0.068 (equivalent to approximately HK$0.081)

Notes:

(1) The bases and assumptions on which the above profit forecast for the six months ending June 30, 2011 has been prepared are summarized in Appendix III to this prospectus.

(2) The forecasted consolidated profit attributable to equity shareholders of the Company for the six months ending June 30, 2011 is primarily based on the forecasted turnover of the Group for the six months ending June 30, 2011.

The forecasted turnover of the Group for the six months ending June 30, 2011 is based on the forecasted percentage of completion of each project up to June 30, 2011. The percentage of completion of each project is forecasted by the respective project manager for the relevant projects. The respective project managers made such forecast based on progress requirements as stipulated in the relevant construction contracts entered into by the Group and the respective project managers have also considered the historical performance of those projects up to February 28, 2011.

(3) The forecasted consolidated profit attributable to equity shareholders of the Company for the six months ending June 30, 2011 has been prepared by the Directors on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 1 of Section C of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(4) The calculation of the unaudited pro forma forecasted earnings per Share is based on the forecasted consolidated profit attributable to equity shareholders of the Company for the six months ending June 30, 2011 assuming the Global Offering and the conversion of Series A Preferred Shares had been completed on January 1, 2011, and a total of 6,000,000,000 Shares were in issue during the six months ending June 30, 2011. No account has been taken of any Shares which may be issued pursuant to any exercise of the Over-allotment Option and the Share Option Scheme.

The following table illustrates the sensitivity of forecasted consolidated profit attributable to equity shareholders of the Company to the changes of the forecasted purchase cost of aluminum extrusions for the six months ending June 30, 2011, without considering the effect of aluminum futures contracts we have entered into.

	5% increase in the forecasted purchase cost of aluminum extrusion	10% increase in the forecasted purchase cost of aluminum extrusion	5% decrease in the forecasted purchase cost of aluminum extrusion	10% decrease in the forecasted purchase cost of aluminum extrusion
(Decrease) / increase in forecasted consolidated profit attributable to equity shareholders of the Company (RMB'000)	(24,423)	(48,846)	24,423	48,846
Forecasted consolidated profit attributable to equity shareholders of the company (RMB'000)	386,115	361,692	434,691	459,384

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has not been any material adverse change in our financial or trading position since December 31, 2010.

DISCLOSURE UNDER THE LISTING RULES

We confirm that as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had been taken place on December 31, 2010 and based on the consolidated net assets attributable to equity shareholders of our Company as of December 31, 2010 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

The unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of December 31, 2010 or at any future dates.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of December 31, 2010(1)(4)	Estimated net proceeds from the Global Offering and the conversion of the Series A Preferred Shares(2)(3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share(3)	
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on an Offer Price of HK$1.92 per Share	898,149	2,612,826	3,510,975	0.59	0.70
Based on an Offer Price of HK$2.78 per Share	898,149	3,658,832	4,556,981	0.76	0.90

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of our Company as of December 31, 2010 represented the consolidated equity attributable to equity shareholders of our Company of RMB898,149,000, and is extracted from the Accountants' Report as set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$1.92 and HK$2.78 per Share, respectively, being the lower end price and higher end price of the stated Offer Price range, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of any Shares which may be issued pursuant to any exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of our Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis of 6,000,000,000 Shares are in issue as if the Global Offering and the conversion of the Series A Preferred Shares had been taken place on December 31, 2010. No account has been taken of any Shares which may be issued pursuant to any exercise of the Over-allotment Option and the Share Option Scheme.

(4) The Group's property interests as at February 28, 2011 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer. The relevant property valuation report is set out in Appendix IV to this prospectus. The revaluation surplus or deficit of these properties was not incorporated in the Group's consolidated financial information for the year ended December 31, 2010 and will not be included in the Group's financial statements for the six months ending June 30, 2011. The above adjustments do not take into account the revaluation surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB412.8 million. If the revaluation surplus was recorded in the Group's financial statements, additional depreciation and amortization of approximately RMB9.4 million would be charged against the results for the six months ending June 30, 2011.