

SUMMARY

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 share 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 ranking 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 markets 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. During the Track Record Period, we successfully completed 513 projects worldwide, including many landmark projects renowned in the world, such as the Theme Pavilion of Expo 2010 Shanghai China, the China National Swimming Center (also known as the "Water Cube"), the National Stadium of China (also known as the "Bird's Nest"), the Airrail Center Frankfurt, the COCOON Tower and the Executive Towers at Business Bay. With our four strategically located production bases and our extensive global sales network, we had undertaken curtain wall projects in 35 countries and regions as of December 31, 2010. We have a strong research, development and design team that is committed to 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 provide our customers with integrated curtain wall solutions that are customized to meet the technical specifications and performance requirements of their projects. Our one-stop curtain wall solution services include the design of curtain wall systems, procurement of materials, fabrication and assembly of curtain wall products, performance testing, installation of products at construction sites, and after-sales services. Our curtain wall solutions are mainly for office buildings, hotels, shopping centers, casinos, exhibition halls, airports and stadiums. We believe we are a leading curtain wall provider with a comprehensive product portfolio. We have further developed various curtain wall products by using more complex designs, new materials and advanced technologies to serve different functions, such as environmental protection, energy conservation and intelligent control. Such products include double-skin curtain walls, photovoltaic curtain walls, ecologically friendly curtain walls, video curtain walls and membrane structure curtain walls. We also provide ancillary products related to curtain wall systems, including skylights, metal roofs, canopy systems, shading systems, balustrade and breast board systems, and energy-saving aluminum alloy doors and windows.

According to the Synovate Report, as of December 31, 2009, we had the second largest curtain wall production capacity in the world, which enables 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. Our Shenyang production base is responsible for supporting our projects in Northeast China, North China and overseas. Our production bases in Shanghai, Chengdu and Foshan primarily support our projects in East China, West China and South China, respectively. The strategic locations of our production bases enable us to stay close to the regional markets that we believe have the highest demand for curtain walls in China, access well-developed domestic and overseas transportation networks, reduce logistics cost for both material procurement and product delivery, and provide quality after-sales services within a short response time.

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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. Our widely distributed subsidiaries and branch offices allow us to identify market opportunities, closely monitor potential projects, maintain close contact with our customers and business partners, provide timely support to local customers, and better integrate our global operations and services. In particular, we have built a strong foothold in the overseas markets by leveraging on our extensive sales network. For the years ended December 31, 2008, 2009 and 2010, our revenue derived from the overseas market was RMB1,963.5 million, RMB2,726.1 million and RMB3,285.6 million, respectively, representing a CAGR of 29.4%, and the percentage of revenue derived from the overseas market to our total revenue was 33.2%, 38.6% and 35.4%, respectively.

We believe we are an industry leader in the 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. As of December 31, 2010, our research, development and design team consisted of 632 research and development professionals, including many experts who are well recognized in the curtain wall industry, and 1,546 design professionals. With our headquarters in China and branches in Switzerland, Australia and Japan, our research and development activities are carried out through 12 divisions categorized by the geographic markets on which their respective research and development is focused. Since our inception, we have been continuously developing products and technologies that we believe represent the technology and application trends of the industry and have been providing innovative customized curtain wall solutions to enhance our competitiveness. With leading research, development and design capabilities, we have successfully completed, or won bids for, a number of sophisticated, high-tech and large-scale curtain wall projects around the world, including the following:

Project Name (Location, Completion Year)	Features
Expo 2010 Shanghai China — Theme Pavilion (China, 2009)	A classic example of a “green” building through the application of ecologically friendly curtain walls with a total area of approximately 15,000 square meters
National Stadium of China (also know as the “Bird’s Nest”) (China, 2007).....	The largest ETFE stretching membrane structure project in the world in terms of project area (approximately 38,500 square meters) with a technologically challenging design and installation process
China National Swimming Center (also known as the “Water Cube”) (China, 2006).....	The largest ETFE aired membrane structure project in the world in terms of project area (approximately 104,388 square meters)
Beijing New Poly Plaza (China, 2006).....	The largest concaved segment cable net glass wall in the world in terms of both single curtain wall area (approximately 5,400 square meters) and span (approximately 60 meters)
Shenzhen Jingji Financial Center (China, 2011 (expected)).....	Unitized curtain wall with hyperboloid segment for the tallest building (approximately 439 meters) in Shenzhen, China
Federation Tower (Russia, 2011 (expected))	Energy-saving unitized curtain wall with double curved surface for the building (approximately 509 meters) which is expected to be the tallest in Europe upon completion
Airrail Center Frankfurt (Germany, 2010).....	Energy-saving unitized curtain wall with double curved surface for the largest single building (128,000 square meters) in Europe
The Legacy at Millennium Park (United States, 2009)	Unitized curtain wall with a maximum shifting capability of approximately 25 millimeters

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Project Name (Location, Completion Year)	Features
COCOON Tower (Japan, 2008).....	Unitized curtain wall with the largest unit panel in the world (with a unit area of approximately 23.1 square meters); in 2008, the building received the Emporis Skyscraper Gold Award, a prominent award for architectural excellence in the design of buildings and their functionality

The tables below set forth our geographical revenue and sales volume breakdown for the periods 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 document.
- (2) Asia as used herein excludes China and the Middle East.

With our comprehensive product portfolio, strategically located production bases, extensive sales and marketing network, leading research, development and design capabilities and our reputation for completing landmark projects, we have become a predominant industry leader both domestically and internationally. We have achieved fast and stable growth in our revenue and profit during the Track Record Period. Our revenue for each of the years ended December 31, 2008, 2009 and 2010 was 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 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%.

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We completed a total of 513 projects during the Track Record Period, comprising 123, 155 and 235 projects for the years ended December 31, 2008, 2009 and 2010, respectively. Among these 513 projects we completed during the Track Record Period, there were 406 projects in China and 107 projects overseas. We were awarded a total of 612 projects during the Track Record Period, comprising 171, 189 and 252 projects for the years ended December 31, 2008, 2009 and 2010, respectively. Among these 612 projects we were awarded during the Track Record Period, there were 480 projects in China and 132 projects overseas. As of December 31, 2010, we had a total of 461 projects in progress, comprising 379 projects located in China and 82 projects overseas. We had a total of 28 uncommenced projects as of December 31, 2010, comprising 19 located in China and 9 projects overseas. Our backlog reached RMB14,331.3 million in total, including RMB7,444.4 million in China and RMB6,886.9 million overseas, as of December 31, 2010. The tables below set forth the number of completed projects, newly awarded projects, projects in progress and uncommenced projects by region, and the recognized revenue, value of new contract and value of backlog by region.

	China	Middle East	Europe	Australia	United States	Asia ⁽⁵⁾	Other regions	Total
Number of completed projects ⁽¹⁾								
2008	112	2	7	–	–	2	–	123
2009	125	3	9	3	2	12	1	155
2010	169	9	10	17	12	17	1	235
Total	<u>406</u>	<u>14</u>	<u>26</u>	<u>20</u>	<u>14</u>	<u>31</u>	<u>2</u>	<u>513</u>
Number of newly awarded projects ⁽²⁾								
2008	127	10	11	11	5	7	–	171
2009	158	9	3	10	2	6	1	189
2010	195	14	10	13	2	17	1	252
Total	<u>480</u>	<u>33</u>	<u>24</u>	<u>34</u>	<u>9</u>	<u>30</u>	<u>2</u>	<u>612</u>
Number of projects in progress ⁽³⁾								
2008	330	18	21	16	13	23	1	422
2009	353	21	17	22	13	20	1	447
2010	379	29	14	18	3	17	1	461
Number of uncommenced projects ⁽⁴⁾								
2008	9	–	2	1	–	4	–	16
2009	19	3	–	2	–	1	–	25
2010	19	–	3	2	–	4	–	28

Notes:

- (1) Completed projects refer to projects for which 100% of their revenue has been recognized for accounting purposes as of the end of the relevant periods indicated, but not prior to the beginning of such periods.
- (2) Newly awarded projects refer to projects for which we were awarded a contract during the relevant periods indicated.
- (3) Projects in progress refer to projects for which we have commenced work but have recognized only part of the revenue for accounting purposes as of the end of the relevant periods indicated. The portion of contract value for projects in progress which has not been realized is deemed as part of our backlog.

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- (4) Uncommenced projects refer to projects for which we were awarded a contract but have not commenced work and no revenue has been recognized as of the end of the relevant periods indicated. The contract value for uncommenced projects is deemed as part of our backlog.
- (5) Asia as used herein excludes China and the Middle East.

	China	Middle East	Europe	Australia	United States	Asia ⁽⁴⁾	Other regions	Total
(RMB million)								
Recognized revenue ⁽¹⁾								
2008	3,947.7	606.1	604.5	290.1	229.5	233.1	0.3	5,911.3
2009	4,335.9	1,004.1	675.1	589.8	177.3	250.6	29.2	7,062.0
2010	5,975.3	1,371.9	600.4	791.4	86.5	364.8	70.6	9,260.9
Value of new contracts ⁽²⁾								
2008	4,760.0	3,277.2	1,152.7	876.2	342.5	349.1	–	10,757.7
2009	5,354.6	1,111.9	262.5	637.2	7.1	229.0	46.8	7,649.1
2010	6,577.0	2,488.3	464.7	617.7	50.1	758.9	148.0	11,104.7
Value of backlog ⁽³⁾								
2008	5,824.0	2,727.7	1,532.0	1,136.8	361.0	295.5	23.4	11,900.4
2009	6,842.7	2,835.7	1,119.3	1,184.2	190.6	273.9	41.0	12,487.5
2010	7,444.4	3,952.1	983.6	1,010.5	154.2	668.0	118.5	14,331.3

Notes:

- (1) Recognized revenue refers to the revenue recognized in the periods indicated.
- (2) Value of new contracts refers to the value of contracts for the new projects we were awarded during the relevant periods indicated.
- (3) Value of backlog refers to the portion of contract value that has not been realized with respect to projects that have not been 100% completed according to their schedule of completion as of the end of the relevant periods indicated. The value of backlog consists of: (i) the portion of contract value for projects in progress which has not been realized, and (ii) the contract value for projects for which we have been awarded a contract but have not commenced work and where no revenue has been recognized, as of the end of the relevant periods indicated.
- (4) Asia as used herein excludes China and the Middle East.

The principal raw materials that are used for the fabrication and production of our curtain wall products include aluminum extrusions, glass, steel and sealant. Among these raw materials, the costs of aluminum extrusions are largely dependent on the price of aluminum, which have fluctuated significantly in the past. During the tendering process for curtain wall projects, in order to secure a reasonable gross margin for each project we undertake, we take into account fluctuations in the price of aluminum by reference to its estimated future price at the expected time of commencements of such project. After we have been awarded the curtain wall project, we generally are not entitled to adjustments to the contract price and thus cannot pass the increased material costs onto our customers due to price fluctuations. However, we started to hedge the risk of aluminum price fluctuations through aluminum future contracts in 2008. By hedging a substantial portion of aluminum extrusions to be actually purchased by us, we have been able to partially mitigate the risks relating to aluminum price fluctuations. The average prices of aluminum quoted on the Shanghai Futures Exchange for each of the three years ended December 31,

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2008, 2009 and 2010 were RMB17,026, RMB13,922 and RMB15,900 per ton, respectively. As of February 28, 2011, the average price of aluminum quoted on the Shanghai Futures Exchange was RMB16,815 per ton. During the Track Record Period, the increase in aluminum price generally contributed to the increase in our costs of sales, the increase in the cost of aluminum extrusions as a proportion of our total cost of materials, and the decrease in our gross profit margin, and vice versa. Our costs of aluminum extrusions for each of the years ended December 31, 2008, 2009 and 2010 were RMB1,025.5 million, RMB983.0 million and RMB1,442.5 million, respectively, representing 38.5%, 34.3% and 37.3% of our cost of materials, respectively. During the corresponding periods, our gross profit margin was 19.4%, 23.5% and 22.4%, respectively.

We had a negative operating cashflow of RMB306.6 million for the year ended December 31, 2010. This was primarily because, as compared with other years, we produced a higher proportion of unitized curtain wall products in 2010, which generally require more working capital as compared with other products. In addition, we had certain sizable projects which were newly commenced in the second half of 2010 and, at the end of 2010, a substantial percentage of these projects had been completed but had 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 compared with that at the end of 2009.

We had net current liabilities in the amount of RMB53.1 million and RMB268.2 million as of December 31, 2009 and 2010, respectively. Our net current liabilities in the amount of RMB268.2 million as of December 31, 2010 included the balance of a HK\$820.0 million bridge loan we obtained to finance our Reorganization in November 2010. We plan to repay the bridge loan in full, after which our Directors expect that we will have a net current assets position.

We currently fund our working capital requirements through a combination of cash inflow from our operations, bank borrowings and capital contributions from our Shareholders. As of February 28, 2011, we had unutilized banking facilities in the amount of RMB215.0 million. Taking into account the 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 document. The basis of our Directors' conclusion includes, but is not limited to, (i) the forecast of the contract value of newly awarded curtain wall projects according to the assessment of our ability and market development capacity, (ii) the progress forecast of our curtain wall projects according to the circumstances of different regional markets, (iii) the assumption that the bridge loan borrowed from Standard Chartered Bank (Hong Kong) Limited will be repaid, (iv) the assumption that there will be no material changes in our ability to manage our inventory, trade and bills receivables and trade and bills payables, and no material changes in the payment terms in our newly awarded contracts, and (v) the assumption that there will be no material change in our operating environment in the countries in which we have business activities.

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OUR COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- A predominant leader in the domestic and global curtain wall markets with a comprehensive product offering, proven track record and solid reputation
- Leading research, development and design capabilities and advanced technologies
- Strategically located production bases with strong processing capacity
- Extensive sales and marketing network around the world
- High-quality production and installation through a stringent and comprehensive quality control system
- Full range of high-quality and timely services throughout the project cycle
- Experienced and dedicated management team with strategic vision

OUR STRATEGY

We aim to strengthen our leading position in the global curtain wall industry through the following strategies:

- Further expand our production facilities to support our growth
- Further increase our market share in existing markets and penetrate markets with growth potential
- Further strengthen our leading research and development capabilities to capture business opportunities and increase our profitability
- Enhance vertical integration in our production chain to reduce raw material cost and ensure product quality

SUMMARY FINANCIAL INFORMATION

The following tables summarize our consolidated financial information during the Track Record Period. The summary of consolidated balance sheets as of December 31, 2008, 2009 and 2010 and the summary of consolidated income statements and the summary of consolidated cash flow statements for the years ended December 31, 2008, 2009 and 2010 included in the following tables are derived from, and should be read in conjunction with, our consolidated financial information and the notes thereto included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRSs.

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Summary Consolidated Income Statements Data

	Years 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	<u>324,660</u>	<u>647,831</u>	<u>787,217</u>
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	<u>324,660</u>	<u>647,831</u>	<u>787,217</u>
Earnings per share			
– Basic and diluted (RMB)	<u>0.07</u>	<u>0.15</u>	<u>0.18</u>

Summary Consolidated Balance Sheets Data

	As of December 31,		
	2008	2009	2010
	RMB'000	RMB'000	RMB'000
Assets			
Non-current assets	1,041,909	1,158,849	1,484,633
Current assets	4,026,138	4,324,730	5,384,543
Total assets	<u>5,068,047</u>	<u>5,483,579</u>	<u>6,869,176</u>
Liabilities			
Current liabilities	3,546,918	4,377,850	5,652,710
Non-current liabilities	327,588	88,018	349,788
Total liabilities	<u>3,874,506</u>	<u>4,465,868</u>	<u>6,002,498</u>
Total equity	<u>1,193,541</u>	<u>1,017,711</u>	<u>866,678</u>

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Summary Consolidated Cash Flow Statements Data

	Years 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	<u>737,631</u>	<u>705,905</u>	<u>533,723</u>

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. 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. Subject to the approval of our Shareholders, dividends may also be declared and paid out of our share premium account 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.

RISK FACTORS

Risks Relating to Our Business

- We are heavily dependent on the performance of the construction and real estate industries, which are cyclical and could be significantly affected by fluctuations in economic conditions
- We may not be successful in maintaining our current market position or implementing our market expansion plan

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- We face significant and increasing competition in the markets in which we operate, and failure to compete efficiently could materially and adversely affect our business
- If we are unable to accurately estimate and control our project costs, we may incur losses
- Our curtain wall projects may be delayed
- We may not be able to secure adequate raw materials in a timely manner and are subject to the fluctuations in the prices of raw material supplies, particularly aluminum extrusions
- We receive payments for our curtain wall projects in stages, and any default or delay in payments from our customers may affect our cash flow and results of operations
- If we fail to meet the requirements of our project contracts or quality standards of our products, we may face litigation, incur penalties and additional costs and experience delays or difficulties in receiving payments, which may adversely affect our business and reputation
- We record our revenues and profits on the basis of our best estimates at the relevant times, which are subject to inherent uncertainties and subsequent adjustments
- Our backlog may not be indicative of our future results of operations
- The growth rate of our new contract value in the Track Record Period may not be indicative of the growth rate of our new contract value in future
- If we are unable to successfully manage our working capital or acquire adequate funding to finance our expansion, our operations could be adversely affected
- We are subject to extensive government regulation and are required to obtain various permits, licenses, approvals, certificates and qualifications to conduct our curtain wall business
- We face risks associated with our international operations and, if we are unable to effectively manage these risks, they could impair our ability to operate our business in overseas markets
- We rely on certain key personnel and recruit professionals from a limited pool of qualified candidates who have experience in our business, and loss of these key personnel or failure to recruit and retain qualified professionals could have a material and adverse effect on our results of operations
- We may be unable to successfully expand our production facilities as we have planned, or such expansion may result in over-capacity
- We may be unable to keep up with the changes in the market needs or technological developments in the curtain wall industry

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- We may not be able to protect our trademarks and other intellectual property rights, which could have a material and adverse impact on our business
- Failure to maintain our reputation and brand name could materially and adversely affect our business, financial condition and results of operations
- The trust arrangement between Mr. Kang and Goldenwin in relation to the 25% equity interest in Shenyang Yuanda which was transferred to us is not documented by any formal legal agreement
- We are currently involved in certain material legal proceedings and may be a party to various other legal proceedings and investigations from time to time and we cannot assure you that such legal proceedings and investigations will not have a material adverse impact on our business
- We have not obtained the land use rights certificates or building ownership certificates for some of our properties and have not completed the required procedures for some of our facilities or properties under construction, and may be required to seek alternative premises for some of our leased properties
- We may be subject to tax adjustments imposed by the relevant overseas tax authorities
- We may not be able to detect and prevent fraud or other misconduct which may be committed by our employees or third parties
- We rely on contract workers sourced from labor agencies and installation services providers for the installation of curtain walls and may be adversely affected by their availability, performance and implementation of relevant safety and environmental protection measures
- We directly or indirectly engage labor for the production and installation of curtain walls, and such laborers may launch industrial action or strikes to demand higher wages or shorter working hours
- The continued fluctuations of the exchange rates of foreign currencies against Renminbi could adversely impact our profitability and results of operations
- Extraordinary events such as epidemics, natural disasters, political unrest and terrorist attacks could significantly delay, or even prevent us from completing, our projects
- Our operations in the Middle East and adjacent countries are subject to the risk arising from the political instability and other uncertainties that could impair our ability to operate or expand our business in these areas
- We are subject to inherent risks in the construction industry such as industrial accidents, fire, personal injury, and suspension of water and electricity supplies, which may adversely affect our reputation and results of operations

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- We are exposed to environmental liabilities and may have to incur significant capital expenditure if additional or stricter laws and regulations are passed in relation to environmental protection
- Our insurance coverage is limited and we may be required to bear all or a certain portion of the financial consequences of any successful defective product claims or workers' compensation claims made against us, which could have a material and adverse effect on our results of operations and financial condition
- We may be exposed to infringement or misappropriation claims related to intellectual property rights by third parties
- Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of our other Shareholders
- Dividends declared in the past may not be indicative of our dividend policy in the future

Risks Relating to China

- Our operations may be adversely affected by changes in the economic, political and regulatory environment in China
- Changes in governmental policies, rules and regulations in China may have a significant impact on our business, financial condition and results of operations
- Interpretation of PRC laws and regulations involves uncertainty and the current legal environment in China may limit the legal protection available to you
- It may be difficult to effect service of process upon us or our Directors or executive officers who reside in mainland China or to enforce against them in mainland China any judgments obtained from non-PRC courts
- Our labor costs may increase with the enforcement of the Labor Contract Law and other labor-related regulations in China
- We rely principally on dividends paid by our subsidiaries to fund our cash and financing requirements, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business
- We may be deemed a PRC resident enterprise under the new PRC Corporate Income Tax Law and related implementation rules, and be subject to PRC taxation on our worldwide income
- Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws

SUMMARY

- Restriction on currency conversion may limit our ability to utilize our revenue and funds effectively
- Government control of foreign exchange transactions may affect our ability to finance our PRC subsidiaries
- We face taxation uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies

SUMMARY

- Regulations relating to offshore investment activities by PRC residents may limit our ability to contribute capital into or provide loans to our PRC subsidiaries, limit our subsidiaries' ability to pay dividends or distribute profits to us, or otherwise adversely affect us
- Any changes in the PRC governmental policies regarding foreign investments in China may adversely affect our business, financial condition and results of operations

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

We are currently involved in certain material legal proceedings in the ordinary course of our business as described below:

- **India.** We have an arbitration pending in New Delhi, India, which arose out of the curtain wall project we undertook for the development of Delhi International Airport in April 2008. In June 2008, we subcontracted certain work to Alupro Building Systems Pvt. Ltd. ("**Alupro**"), which subsequently failed to meet not only the project's quality requirements but also the project schedule. As a result, we had to rectify Alupro's work and sustained other damages. Alupro has initiated arbitration against us for various damages. We have denied all of Alupro's claims and made a counterclaim in a total amount of approximately 800.6 million Indian Rupees (approximately RMB117.6 million). Based on the advice of our local legal counsel, our Directors believe that we have a strong case in the arbitration. Our local legal counsel has advised us that, in the event the result of the arbitration is unfavorable to us, we may be liable for damages of up to a maximum of approximately 248.0 million Indian Rupees (approximately RMB36.4 million) with 12% interest and approximately 1,162.8 million Indian Rupees (approximately RMB170.7 million) without interest.
- **United States.** We are involved in proceedings that arose out of a curtain wall project we undertook in Bellevue, Washington, in the United States in October 2007. For this project, we subcontracted the curtain wall installation work to North American Curtainwall, LLC ("**NAC**"), which subsequently ceased all work on the project. As a result, we were forced to take over the remaining portions of NAC's work and pay or resolve claims and liens filed by NAC's unpaid suppliers, subcontractors and labor unions. NAC has made a claim against us for the unpaid contract price (with adjustments) and sued us in the Superior Court of Washington for King County. We commenced arbitration proceedings against NAC to recover approximately US\$1.8 million (approximately RMB11.8 million) in damages caused by NAC, and NAC has filed a counterclaim for the same amount as it had asserted in their initial claim against us. Based on the advice of our local legal counsel, our Directors believe that we have a strong case in the arbitration. Our local legal counsel has advised us that, in the event the result of the arbitration is unfavorable to us, we may be liable to damages of up to a maximum of approximately US\$2.0 million (approximately RMB13.1 million) with an award of attorney's fees and arbitration expenses.

SUMMARY

- ***Kuwait.*** We are involved in a lawsuit that arose out of an agreement we entered into with Al Jawad Trading & Contracting Co. ("**Al Jawad**") in April 2004 in order to develop curtain wall business in Kuwait through Al Jawad. Pursuant to the agreement and related arrangements, we would supply curtain wall products to Al Jawad for the curtain wall projects which Al Jawad would secure for developing our business in Kuwait. During the term of the agreement, we discovered that Al Jawad was in numerous defaults and breaches of its obligations under the agreement. We notified Al Jawad of our decision to terminate the agreement several times in 2008 and 2009 and did not renew the agreement after its expiration in April 2009. Al Jawad has sued us in Kuwait for damages amounting to a total of approximately 11.2 million Kuwaiti dinars (approximately RMB264.7 million), alleging that, among other things, (i) we did not provide quotations in a standard manner and often changed our quotations at the final stages when bidding for projects, as a result of which Al Jawad failed to secure certain projects and consequently incurred losses, (ii) we often provided quotations directly to the local customers without the consent of Al Jawad, which is in violation of the laws in Kuwait, and (iii) Al Jawad incurred various losses as it had spent considerable financial resources in providing, among others, assembly plants, workmen's accommodation and offices to us, in Kuwait as well as in other Arab countries, and undertaken additional works for multiple projects for which it should receive compensation from us. We have denied all such claims and have initiated counterclaims against Al Jawad. Based on the advice of our local legal counsel, our Directors believe that we have a strong case in both our defense and counterclaim in the proceedings.
- ***Germany.*** We initiated a lawsuit that arose out of a curtain wall project we undertook in Wiesbaden, Germany, pursuant to the contract we entered into with Bilfinger Berger Hochbau GmbH ("**BB**"), the property owner and main contractor, in March 2008. During the construction, problems with the installation of curtain wall arose, which would have led to possible delay of the entire construction project. To address these issues, we and BB entered into a supplemental contract for BB to provide us with further supporting services. However, we have been unable to reach a final agreement with BB on the amount of our final invoice. We have sued BB in Germany for the unpaid contract price in an amount of approximately 2.0 million Euros (approximately RMB18.9 million) (with a potential to increase it to approximately 2.5 million Euros (approximately RMB23.7 million)), with interest. BB has made a counterclaim in an amount of approximately 6.1 million Euros (approximately RMB57.8 million) primarily for the supporting services they provided. Based on the advice of our local legal counsel, our Directors believe that it is probable that we will obtain a favorable result against BB in the proceedings.

Based on the advice of our local legal counsel in the respective jurisdictions, our Directors believe that we have a strong case in each of the above legal proceedings and, therefore, no provision has been made for the related claims. As of the Latest Practicable Date, our aggregate exposure to liabilities as a result of the legal proceedings in which we were involved, including the above four material legal proceedings, was approximately RMB548.8 million, representing approximately 63.3% of our net assets value as of December 31, 2010, for which no provision had been made. For more details of the above legal proceedings, please see the section entitled "Business – Legal Proceedings and Material Claims" in this document.