
BUSINESS

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.

BUSINESS

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

BUSINESS

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%.

BUSINESS

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	406	14	26	20	14	31	2	513
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	480	33	24	34	9	30	2	612
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.

BUSINESS

- (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,

BUSINESS

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.

BUSINESS

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

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. We have experienced rapid growth during the Track Record Period. From 2008 to 2010, our revenue grew from RMB5,911.3 million to RMB9,260.9 million, representing a CAGR of approximately 25.2%. During the Track Record Period, we completed 513 curtain wall projects. As of December 31, 2010, we had 461 curtain wall projects in progress and 28 uncommenced curtain wall projects.

We provide comprehensive product offerings, including both conventional products and products with more advanced technology applications, which enable us to meet the different needs of our customers. In particular, we have developed a series of energy-saving and environmentally friendly products, including double-skin curtain walls and photovoltaic curtain walls. We believe these products are responsive to market demand and represent the current industry trend. We have also incorporated various intelligent control technologies into our curtain wall products, such as the shading system we developed that can automatically adjust its position in response to the sun’s path.

We have a proven track record in completing some of the most sophisticated, high-tech and large-scale curtain wall projects around the world, including 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 Beijing New Poly Plaza, the Executive Towers at Business Bay, the Airrail Center Frankfurt and the COCOON Tower. See the section entitled “— Our Projects — Completed Projects” in this document for more information about these projects. Through such projects, we have established a solid reputation in the curtain wall industry, which have facilitated our winning of new complex and landmark projects and maintaining long-term relationships with our clients. In October 2010, our trademark “CNYD” was recognized as one of the Famous Trademarks of China (中國馳名商標) by the State Administration of Industry and Commerce. In March 2008, we were named the Customers’ Top Choice of Curtain Wall Enterprise (用戶首選幕牆品牌企業) by Alwindoor.com (中國幕牆網) based on its industry survey.

The global curtain wall industry grew at a CAGR of 10.3% from 2005 to 2009 in terms of market value and such growth is expected to continue as a result of global economic development. The curtain wall industry in China grew at a CAGR of 15.6% from 2005 to 2009 in terms of market value. In China, economic growth has been fueled by rapid urbanization, which is expected to continue and benefit the curtain wall industry in particular. For more details, see the section entitled “Industry Overview” in this document.

We believe our market leadership, comprehensive product portfolio, proven track record and solid reputation in the industry have well positioned us to capture opportunities arising from the fast-growing curtain wall market both in China and overseas and will continue to serve as a platform to strengthen our existing market and expand into new markets.

BUSINESS

Leading research, development and design capabilities and advanced technologies

We believe the functionality, quality and design of a curtain wall system are among the key factors that our customers take into consideration when they purchase curtain wall products. With our leading research, development and design capabilities, we are able to provide high-quality and customized design services and undertake challenging projects by applying innovative solutions and advanced technologies.

We have one of the largest research, development and design teams among all major curtain wall providers in the world. We had 632 research and development professionals and 1,546 design professionals as of December 31, 2010. With headquarters in China and branches in Switzerland, Australia and Japan, our large, experienced and international research, development and design team enables us to simultaneously develop and design curtain wall systems for numerous projects in different countries and regions. Our research, development and design team has a panel consisting of eight experts, each of whom is well recognized in both the international and domestic curtain wall industry, who on average have more than 12 years of experience in the curtain wall industry.

Our research, development and design team mainly focuses on developing cutting-edge products and technologies that represent the latest industry trends, developing innovative integrated solutions tailored to customers' needs, improving existing products, enhancing production efficiency and reducing costs. Centrally managed and supervised by the research and development center at our headquarters, our research and development activities are carried out through 12 divisions categorized by the geographic markets on which their respective research and development work is focused. We are thereby able to address the particular requirements and specific needs of different projects with customized designs and develop products and technologies that can meet the market demands in different geographic areas.

Through our research and development, we have acquired industry-leading technologies in various areas, particularly for energy conservation, environmental protection and application of new systems, and have applied them extensively in our products. During the Track Record Period, we launched 81 new curtain wall products into the market. As of the Latest Practicable Date, our research and development team had successfully registered 58 patents in China or overseas for various curtain wall products and technologies which are still in force. For example, with respect to double-skin curtain walls, we have developed a full product portfolio with energy-saving and environmentally friendly features including interior cycle double-skin curtain walls and exterior cycle double-skin curtain walls. With respect to photovoltaic curtain walls, we have developed a complete set of technology and technical know-how as well as a full product portfolio. With respect to video curtain walls, we have successfully developed a curtain wall system integrating LED technology. We believe we are a market leader in providing curtain wall solutions with the application of new materials and advanced technologies, and intend to further strengthen our leading position through continued research and development.

We are committed to developing new and innovative curtain wall products and technologies to be used in our curtain wall projects. As of December 31, 2010, we had completed the design for a series of research and development projects, including photovoltaic double-skin curtain wall, photothermal unitized curtain wall, energy-saving unitized curtain wall for high latitude and cold areas, intelligent umbrella sun-shading system for elevation, and single frame natural ventilation double-skin energy-saving curtain wall system.

BUSINESS

Strategically located production bases with strong processing capacity

According to the Synovate Report, as of December 31, 2009, we had the second largest curtain wall production capacities in the world, which enables us to meet market demand on a timely basis and to simultaneously undertake multiple large-scale projects. For the year ended December 31, 2010, our production capacity was approximately 10.0 million square meters.

We have four production bases 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 are primarily responsible for supporting our projects in East China, South China and West China, respectively. As our four production bases are located in different regions of China with easy access to well-developed transportation networks, we are able to accelerate procurement process, reduce product delivery time and transportation costs and improve logistical efficiency for projects in China. The location of our production bases in China also provides us with cost advantages, particularly in labor costs, for our projects overseas.

We use industry-leading equipment for fabrication and assembly of curtain walls. We import the majority of such equipment from Germany, Italy, Austria, Japan and the United States. Such equipment generally has much lower processing deviation or processing time for fabricating curtain wall products as compared with traditional machinery, and has enabled us to significantly improve processing efficiency and enhance quality control.

In our production bases, we have set up auxiliary plants to provide common auxiliary parts and components for, or auxiliary processing of, our curtain wall products, including the production of steel parts, standard stainless steel parts and sealing joint strips, as well as spray processing. Our auxiliary plants have not only significantly increased the efficiency in processing and fabricating curtain wall products but also substantially lowered our material or processing costs as compared with external procurement or outsourcing.

Extensive sales and marketing network around the world

With our extensive sales and marketing and service network worldwide, we had undertaken curtain wall projects in 35 countries and regions as of December 31, 2010. Our subsidiaries and branch offices, which are strategically located globally, allow us to closely identify and monitor potential opportunities, maintain close contacts with our customers and business partners, provide timely support to local customers, and fully integrate our global operations and services.

In China, we have established five regional divisions responsible for sales and marketing in their respective geographic areas, which together fully cover China: East China, North China, South China, Northeast China, and West China. As of December 31, 2010, we had 34 branch offices or subsidiaries in China, covering 30 provinces, autonomous regions or municipalities. For the overseas market, we have also established seven regional divisions responsible for: the United Arab Emirates, Saudi Arabia, Persian Gulf area (excluding the United Arab Emirates and Saudi Arabia), the Russian Federation, the Americas and Africa, Australia and Singapore, and Europe. In order to better understand the local market and improve communication with local customers, we had established 25 overseas branches and subsidiaries as of December 31, 2010.

BUSINESS

We conduct our business primarily through direct sales in order to maintain direct access to our customers, improve profitability by reducing sales intermediaries and protect our market reputation. Relying on the strong support of our research and development team with branches worldwide, we provide our customers with customized pre-sale services. We have established a three-tier sales and marketing system comprising our headquarters, regional divisions and local branches, which has significantly improved our ability to make decisions in a timely manner. Our headquarters is responsible for our overall strategy, planning and supervision of sales. Our regional divisions, which are responsible for implementing regional strategic plans approved by our headquarters, have significant discretion in making independent marketing and sales decisions. Our local branches are responsible for marketing, sales and construction of our awarded projects. With our three-tier sales system, we believe we are able to share resources among our group, effectively expand our market share and quickly respond to market changes.

We believe that our extensive sales and marketing network will facilitate our plan to solidify our leading market position in existing markets, further penetrate into second- and third-tier cities in China, and expand into new overseas markets such as Africa and South America.

High-quality production and installation through a stringent and comprehensive quality control system

We implement stringent quality control measures throughout the fabrication and assembly of curtain wall products and on-site product installation in order to provide products of the highest quality to our customers. We strictly apply mandatory PRC standards, industry standards and our own enterprise product standards. In addition, in the relevant countries or regions, if local laws require or at our customers request, we will apply other standards, such as standards adopted in the United States, the United Kingdom, Europe, Japan or Australia.

We have established a comprehensive quality control system certified under ISO 9001 to ensure every step from material procurement to after-sales maintenance of our curtain wall products complies with ISO 9001 standards, which allows us to achieve consistent product quality. In particular, we conduct quality inspections upon receipt of raw materials, at the fabrication stage, assembly stage, and on the finished products. We also conduct quality inspections for product installation at different stages in the installation.

At our Shenyang production base, we have our own curtain wall testing center, which has been accredited by the China National Accreditation Service for Conforming Assessment (“CNAS”) (中國合格評定國家認可委員會). Through CNAS’s multilateral agreement with the members of International Laboratory Accreditation (“ILAC”), our product testing is also recognized by all ILAC members around the world. Our testing center is equipped with computerized digital control systems to automatically collect and process data and generate evaluation results for the testing of air-tightness, resistance to wind pressure, water-proofness and plane deformation. To ensure the quality of our curtain wall projects, we have established procedures to effectively manage and supervise the installation of curtain walls for our projects worldwide. We conduct installation primarily by engaging workers sourced from licensed labor agencies with which we have a long history of cooperation on a contract basis, and outsource installation services only in countries where we cannot export labor to install curtain walls. We send our own project managers to conduct on-site supervision to closely monitor and ensure the quality of all of our project installations.

BUSINESS

As a result of the above, we have been widely recognized by our customers as a leading provider of high-quality curtain wall products and installation services in the industry, which we believe has been critical in enabling us to win new projects.

Full range of high-quality and timely services throughout the project cycle

We provide our customers with a full range of services including research, development and design services, price evaluation, fabrication and assembly of curtain wall products, installation of curtain walls, and after-sales services, in all cases tailored to these customers' specific requirements.

Before and during the tendering process, our sales and research and development staff maintains close contact with the property owners and architects in order to fully understand their specific requirements and ideas for a project. We explain the curtain wall technology to them, provide preliminary curtain wall design, answer their technical and commercial questions, and eventually develop an integrated solution specifically tailored to the project, including selection of materials and making of sample products. With the strong support of our research and development team, we have been able to provide integrated solutions for technically sophisticated projects, such as the COCOON Tower, the Water Cube, and the Theme Pavilion of Expo 2010 Shanghai China.

When installing curtain wall products, our project managers keep close contact with the property owners and general contractors to timely resolve any issues that may arise during construction. After a curtain wall project is completed, our customers can, through our hotline, reach our after-sales service departments with specialized service staff in major cities both in China and overseas. After receiving a request for repair, our service staff is generally able to arrive at the site within 48 hours, issue a report 12 hours after inspection and, depending upon the circumstances of the services requested, complete the repairs within a short period of time.

We provide professional maintenance services to our customers after completion of our projects. As part of our standard after-sales service package, we conduct inspection of the curtain walls we have installed upon request, with a focus on glass, sealing strips, sealant and other parts of curtain wall products that are susceptible to wear and tear or damage. We also provide our customers with information for curtain wall maintenance and regular inspection and repair upon request.

Experienced and dedicated management team with strategic vision

We are led by an experienced and dedicated management team, which has strong technical expertise and substantial experience in, and in-depth knowledge of, the curtain wall industry worldwide. Most members of our senior management have over 13 years of experience in the curtain wall industry and have been with us since 1997.

We believe our management's strategic vision and our efficient management model are the keys to our long-term success. Under the collective leadership of our management team, we have successfully built up our leading research, development and design capabilities, developed a series of innovative curtain wall products and technologies to capture market opportunities, and established a well-regarded reputation through our proven track record. After 18 years of development, we have grown from a local business in Shenyang to 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. As of December 31, 2010, we had undertaken curtain wall projects in 35 countries or regions.

BUSINESS

We are committed to retaining and recruiting talented people and providing our key management and technical staff with professional development opportunities as well as attractive compensation packages. Most of our senior management members have been granted an equity interest in us by Mr. Kang as part of the incentive package and in recognition of their contribution to our development. Moreover, it is also the intention of Mr. Kang to further set up a share award scheme where he could reward certain of our executives and employees for their contributions to our development by awarding them with Shares from his personal interest. For more information, please refer to the section entitled "History and Reorganization — Reorganization" in this document.

OUR BUSINESS STRATEGIES

We aim to strengthen our leading position in the curtain wall industry both in China and overseas through the business strategies described below. We intend to fund each of these strategies with cash generated from our operations and, when necessary, bank borrowings.

Further expand our production facilities to support our growth

We intend to continue to expand our production facilities in order to meet market demand for our products, capture market opportunities arising from the curtain wall market and gain additional market share both in China and overseas. The planned expansion of our existing production bases and our planned new production bases are expected to significantly increase our production scale and enable us to undertake more projects simultaneously.

We have commenced the expansion of our existing production base in Shanghai and intend to expand our existing production bases in Chengdu and Foshan to meet the growing market demand in East China, West China and South China, respectively. We completed the construction of the new production facilities in Shanghai with a GFA of approximately 75,704 square meters in 2010. We expect to complete construction of one new plant in our Chengdu production base and one new plant in our Foshan production base by May 2013.

In order to support our growth in Northeast China together with our Shenyang production base, we are constructing a new production base in Anshan, China. Our Anshan production base, which has an aggregate site area of approximately 60,944 square meters, is expected to have workshops with a GFA of approximately 32,186 square metres upon completion by December 2012.

Moreover, to facilitate our growth in North China and the Middle East, we plan to construct two new production bases for curtain wall products in Tianjin and the Middle East. We currently lease plants in Beijing to assemble curtain wall products fabricated in our Shenyang production base to meet the requirements of our projects in North China. As our current production, assembly and transportation arrangement are not expected to meet our expected business growth in this area, we plan to establish a new production base in Tianjin with an aggregate site area of approximately 133,000 square meters. We intend to terminate our lease of the current assembly plants in Beijing after the completion of our Tianjin production base, which is expected to take place in December 2013.

BUSINESS

Currently all curtain wall products required for our projects in the Middle East are fabricated and assembled in our Shenyang production base. We expect our business in the Middle East to continue to grow in the future. Accordingly, we plan to acquire land in the Middle East with an aggregate site area of approximately 100,000 square meters to establish a new production base, which is expected to be completed by December 2013 in order to stay close to our customers, lower transportation and tariff cost, enhance our after-sale services, and expand our market share in the Middle East.

In addition, to meet increasing market demand, we plan to construct a new facility for the production of aluminum alloy doors and windows in Shenyang, which is expected to be completed by December 2013. We believe this production facility, which is expected to have a total GFA of approximately 65,826 square meters, will further enhance our overall competitiveness in the curtain wall industry. For more information about our production bases, see the section entitled “Business — Production Facilities” in this document.

Further increase our market share in existing markets and penetrate markets with growth potential

We intend to further strengthen our position in existing markets and continue to penetrate into new markets through extending our sales and marketing network around the world.

In the domestic market, we plan to strengthen our overall leading position to further expand our market share. We currently have five regional divisions in China, including 34 branch offices or subsidiaries, and plan to establish approximately 10 more branch offices or subsidiaries within the next five years to refine regional market segmentation, strengthen market penetration, enhance resource support and facilitate sales and marketing management in regional markets. Each of our regional divisions has its own management, sales and design team and focuses on its own geographical areas. Supervised by our headquarters, our regional divisions are authorized, with certain limitations, to make business decisions independently, which enables us to stay on top of the market, respond quickly to market changes, and capture more business opportunities.

In the overseas market, we plan to strengthen our competitive advantage in the Middle East, Europe, Japan, South Korea, Australia and the United States to increase our market share through further market segmentation and enhancement of local operation. In particular, we plan to establish a new production base in the Middle East to lower our operation cost and facilitate our expansion in this region. Meanwhile, we intend to explore the markets in Africa, South America and other areas that we believe have significant growth potential. For example, as Brazil will host the Rio de Janeiro 2016 Olympics and the 2014 World Cup, we intend to take the opportunities to expand our market share in Brazil. In order to facilitate our expansion, we plan to continuously increase the number of our branch offices, recruit more sales persons who are familiar with local markets, develop more new products featuring energy-saving and environmental protection functions as well as provide more customized products at competitive prices in line with local market demands.

We believe that, with the expansion of our sales and marketing network, we will further strengthen our leading market position, increase our market share and improve customer satisfaction. We aim to increase our market share in the global curtain wall market to 10% and in the curtain wall market in China to 35% in the next five years.

BUSINESS

Further strengthen our leading research and development capabilities to capture business opportunities and increase our profitability

We have been committed to investing in research and development and will continue to do so. We have been increasing our research and development expenditure over the years, incurring approximately RMB121.4 million, RMB136.4 million and RMB200.8 million, representing 2.1%, 1.9% and 2.2% of our total revenue in 2008, 2009 and 2010, respectively. We intend to continue our effort in research and development and expect our research and development expenses will constitute approximately 1.5% to 2% of our total revenue each year.

We introduced 81 new curtain wall products into the market during the Track Record Period and will continue to capitalize on our research and development strengths to develop new technologies and products in line with industry trends. Our research and development will be focused on: (i) utilization of renewable energy and the development and application of energy-saving and environmentally friendly high-performance curtain walls, (ii) the development and application of new curtain wall materials and production processes, including cooperation with suppliers of raw materials, and (iii) transformation, application and commercialization of research and development results. We believe the energy-saving and environmentally friendly curtain wall products provide high value-added and represent the future trend of curtain wall application.

To facilitate our research and development efforts, we plan to increase approximately 10% of our research and development professionals each year for the next five years and at the same time increase the percentage of our overseas research and development professionals. We believe that, through continued investment in research and development, we can develop new curtain wall products and technologies that adapt to market trends and demands and capture more opportunities in the growing curtain wall market both domestically and globally.

Enhance vertical integration in our production chain to reduce raw material cost and ensure product quality

The principal materials we use for the fabrication and production of our curtain wall products include aluminum extrusions, glass, steel and sealant, which in aggregate accounted for 77.1%, 75.9% and 77.1%, respectively, of our cost of materials for the years ended December 31, 2008, 2009 and 2010, respectively. During the Track Record Period, we sourced aluminum extrusions, glass, steel and sealant mainly from external parties. We believe the in-house production of these raw materials will give us a high degree of vertical integration in our production process, which will reduce our reliance on the external sourcing of key raw materials, allow us to better control costs and quality as well as ensure the timely delivery of our products. Therefore, we plan to begin producing aluminum extrusions either by ourselves or through joint ventures with international business partners. We are currently negotiating with several potential joint venture partners to explore the possibilities to establish a joint venture for the production of aluminum extrusions. The planned production facilities, upon completion, are expected to have an annual production capacity of 250,000 tons of aluminum extrusions.

BUSINESS

In August 2010, we signed a memorandum of understanding with an international glass company to establish a joint venture to manufacture glass in Shenyang. Pursuant to the memorandum of understanding, we will hold a 49% equity interest in the joint venture. The planned production facilities of the joint venture are expected to have an annual processing capacity of 1.0 million square meters of glass upon completion of its Phase I in December 2012 and 4.0 million square meters of glass upon completion of its Phase II in August 2013. However, this memorandum of understanding is not legally binding except for the terms on confidentiality, exclusive negotiation and dispute resolution. As we had not entered into any definitive joint venture agreement with the international glass company as of the Latest Practicable Date, the commercial terms for the joint venture, including the commencement date of production, are uncertain. In the future, we may further increase our vertical integration in our production chain through acquisition or construction of new facilities.

OUR PRINCIPAL PRODUCTS

As a global leader in the curtain wall industry, we have developed a variety of curtain wall products comprising both traditional products and products with the application of more complex designs, new materials or advanced technologies to serve different functions. Moreover, we also provide various other products related to curtain walls, including skylights, metal roofs, canopy systems, curtain wall decorative components, curtain wall integration function products, balustrade/breast board systems, and energy saving aluminum doors and windows.

Curtain Wall Products

Curtain walls constitute the exterior wall of a building and are generally made of aluminum extrusions, glass, granite and other cladding materials. We believe we have one of the most comprehensive portfolios of curtain wall products in the world.

BUSINESS

All of our curtain wall products can be divided into two styles and each style can be further divided into several categories based on product structure as follows:

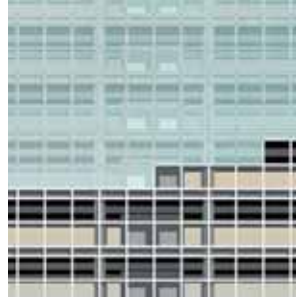
Product Category

Product Description

Frame-Supporting Style

The periphery of curtain wall panels of such curtain walls is supported by metal frames.

Stick Curtain Wall



A stick curtain wall is a type of frame-supporting curtain wall that requires on-site installation of individual framing components to form the supporting grid for curtain wall panels. The panels can be made of various materials, including glass, metal, stone, and artificial materials.

Unitized Curtain Wall



A unitized curtain wall is another type of frame-supporting curtain wall consisting of framing components and panel materials. Such framing components and panel materials are assembled into a single curtain wall unit at our production base. The curtain wall units are then transported to construction sites for installation. The panels can be made of various materials, including glass, metal, stone, and artificial materials.

Semi-unitized Curtain Wall



A semi-unitized curtain wall is a type of curtain wall which has the combined features of stick curtain wall and unitized curtain wall. All components of semi-unitized curtain wall except main keels are fabricated and assembled into unitized panels at our production facilities, and then delivered to construction sites to be fixed on main keels for installation.

BUSINESS

Product Category

Product Description

Non-frame Style

In non-frame curtain walls, the periphery of the panels is not supported by frames.

Point-Fixing Curtain Wall



A point-fixing curtain wall is one type of non-frame curtain wall that consists of glass panels, point-fixing components on such panels and their supporting structures.

Full-glass Curtain Wall



A full-glass curtain wall is another type of non-frame curtain wall where glass panels are connected with each other and eventually connected to the main building through peripheral supporting structures.

BUSINESS

Apart from their traditional functions such as enhancing the external appearance of buildings, with the application of new technologies, curtain walls play an important role in facilitating environmental protection and improving energy efficiency and living conditions. Particularly, through intelligent control, curtain walls have significantly improved in terms of safety and functionality. Leveraging our leading research, development and design capabilities and applying more complex designs, advanced technologies and new materials, we have successfully developed various curtain wall products on the basis of the above five basic product structures. Such curtain wall products, which we believe represent the trend in the curtain wall industry, include but are not limited to the following:

Product Category

Product Description

Double-skin Energy-saving Curtain Wall



A double-skin energy-saving curtain wall is an outer building structure consisting of an outer curtain wall and an inner curtain wall. It is also known as a dynamic ventilation curtain wall, hot-channel curtain wall and respiration curtain wall. Compared with conventional curtain walls, double-skin curtain walls can effectively improve the thermal insulation of the outer building structure, indoor ventilation, sound insulation and daylighting.

Video Curtain Wall



A video curtain wall is a combination of a curtain wall and LED video control technology. With an LED screen applied to its surface, the curtain wall can achieve various visual and audio effects using the curtain wall's display and audio control system.

Photovoltaic Curtain Wall



A photovoltaic curtain wall is a type of curtain wall that integrates a photo-voltaic system. Photovoltaic panels are usually installed on the glass of the curtain wall to generate electricity from solar energy.

BUSINESS

Product Category

Product Description

Membrane Structure Curtain Wall



Membrane structure curtain wall is a type of curtain wall that uses high-performance ETFE membrane as its surface material, including ETFE stretching membrane and ETFE aired membrane. The ETFE membrane has many desirable physical features such as high transparency, light weight, high resistance to aging and long life.

Ecologically Friendly Curtain Wall



Ecologically friendly curtain wall is a type of ecologically friendly outer building structure that is covered by a botanical layer with a bioclimatic buffering layer. Ecologically friendly curtain walls are designed to achieve resource conservation and reduce pollution.

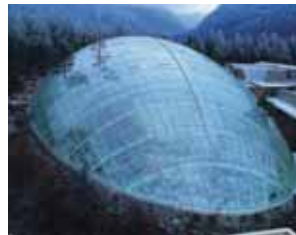
Other Related Products

We also offer a wide range of other products related to our curtain wall products to cater to the diverse needs of our customers. These products include:

Product Category

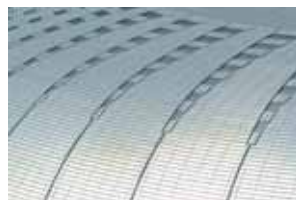
Product Description

Skylight



A skylight, which consists of transparent panels and its supporting system, is a roof system that has a horizontal angle of less than 75 degrees. It provides natural lighting for the building and serves other related functions. The transparent panels are usually made of glass, polycarbonate sheet and transparent membrane materials.

Metal Roof



Metal roof has panels which are made of metal, such as aluminum alloy panel, titanium-zinc panel, prefabricated steel panel and aluminum panel. The metal roof's supporting system generally adopts a metallic structure, such as steel and aluminum alloy.

BUSINESS

Product Category

Product Description

Shading System



A shading system is used to shield a building from excess sunlight. It helps to improve the energy efficiency of a building by reducing the amount of air conditioning required in the building. We have applied intelligent control technology to some of our shading systems, which can automatically adjust its position in response to the sun's path.

Canopy System



A canopy system is the outer structural component of a building which is located at the entrance and exit of the building, serving the function of shielding the building from wind, rain and sunshine. Under the canopy is a semi-open space which is the exchange and transition buffer zone between the inner space and outer space of the building. The canopy system is an important part of a building's outer decoration system, which highlights the whole building.

Balustrade/Breast Board System



A balustrade/breast board system consists of components which are applied to certain parts of the building, serving the functions of safeguarding and decoration. As an independent system, it is usually applied along the edge of the accessible roof, indoor floor edge and balcony.

Energy-saving Aluminum Alloy Doors and Windows



Energy-saving aluminum alloy doors and windows are made of thermal insulation aluminum alloy extrusions and energy-saving glass, all of which can be recycled.

BUSINESS

OUR PROJECTS

We divide our projects into three categories based on the status of the project:

- completed projects — referring to projects for which 100% of their revenue has been recognized for accounting purpose as of a point in time;
- projects in progress — referring to projects for which we have commenced work but have recognized only part of the revenue for accounting purpose as of a point in time. The portion of contract value for projects in progress which has not been realized is deemed as part of our backlog; and
- uncommenced projects — referring to projects for which we have been awarded a contract but have not commenced work and no revenue has been recognized as of a point in time. Contract value for uncommenced projects is deemed as part of our backlog.

We completed 513 projects during the Track Record Period. As of December 31, 2010, we had 461 projects in progress and 28 uncommenced projects.

Completed Projects

The following table summarizes the curtain wall projects that we have completed during the Track Record Period, as of the end of the periods indicated, but not prior to the beginning of the periods indicated, including both the projects for which we undertook installation of our curtain wall products and the projects for which we only provided curtain wall products without undertaking the installation work:


	China	Middle East	Europe	Australia	U.S.	Asia ⁽¹⁾	Other regions	Total
Number of completed projects								
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	406	14	26	20	14	31	2	513

Note:

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

BUSINESS

The following sets forth the representative curtain wall projects that we have completed as of December 31, 2010:



No.	Project Name, Location, Time of Completion, and Attributable Project Area ⁽¹⁾	Project Description
1	<p>Theme Pavilion of Expo 2010 Shanghai China (上海世博主题馆)</p>  <ul style="list-style-type: none"> • Location: Shanghai, China • Time of Completion: September 2009 • Attributable Project Area: Approximately 82,245 m² (100%) 	<ul style="list-style-type: none"> • The Theme Pavilion of Expo 2010 Shanghai China is one of the permanent buildings for Expo 2010 Shanghai China. It is the exhibition building with the largest span in Asia. • For the west side and east side of the building, we applied ecologically friendly curtain wall with a total area of approximately 5,000 square meters. For the roof of the building, we applied photovoltaic system with a total area of approximately 30,000 square meters. • The Theme Pavilion is a classic example of a "green" building that epitomizes energy saving, environmental protection and utilization of clean energy.

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
2	<p>The Shanghai Expo Centre of Expo 2010 Shanghai China (上海世博中心)</p>  <ul style="list-style-type: none"> • Location: Shanghai, China • Time of Completion: December 2009 • Attributable Project Area: Approximately 61,000 m² (100%) 	<ul style="list-style-type: none"> • The Shanghai Expo Centre is one of the permanent buildings for Expo 2010 Shanghai China. It is the only "green" building in China which both passed the PRC Three-Star Standard for Green Building (中國綠色建築三星級) and the U.S. LEED Platinum Standard. • In this project, we applied segment unitized curtain walls, point-fixing curtain walls, and long-span glass skylights supported by steel structures.

Note:

⁽¹⁾ Attributable project area for a completed project refers to the total area of the curtain wall completed by us. The corresponding percentage refers to the percentage of total curtain wall area of the project attributable to us.

BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
3	<p data-bbox="284 287 774 393">National Stadium of China (also known as the “Bird’s Nest”) (國家體育場, “鳥巢”)</p>  <ul data-bbox="284 712 774 915" style="list-style-type: none"><li data-bbox="284 712 587 744">• Location: Beijing, China<li data-bbox="284 776 694 808">• Time of Completion: January 2007<li data-bbox="284 840 774 915">• Attributable Project Area: Approximately 38,500 m² (100%)	<ul data-bbox="863 287 1418 883" style="list-style-type: none"><li data-bbox="863 287 1418 489">• The National Stadium of China, also known as the “Bird’s Nest,” was the main stadium of the Beijing 2008 Olympic Games. The main structure of the building consists of bending and twisted steel beams, with its superface shaped like a saddle.<li data-bbox="863 521 1418 691">• For the roof and internal ring elevation of the building, we applied membrane structures made of transparent ETFE stretching membrane, which consists of 1,038 membrane units square meters.<li data-bbox="863 723 1418 883">• The Bird’s Nest, which applied ETFE stretching membrane with a total area of approximately 38,500 square meters, has the largest curtain wall made of ETFE stretching membrane in terms of project area.
4	<p data-bbox="284 946 646 1053">China National Swimming Center (also known as the “Water Cube”) (國家游泳館, “水立方”)</p>  <ul data-bbox="284 1372 774 1593" style="list-style-type: none"><li data-bbox="284 1372 587 1404">• Location: Beijing, China<li data-bbox="284 1436 694 1468">• Time of Completion: August 2006<li data-bbox="284 1500 774 1593">• Attributable Project Area: Approximately 104,388 m² (100%)	<ul data-bbox="863 946 1418 1593" style="list-style-type: none"><li data-bbox="863 946 1418 1191">• The China National Swimming Center, also known as the “Water Cube,” is the main swimming facility, and one of the representative buildings, of the Beijing 2008 Olympic Games. The main structure of the building, which is shaped like a cube, consists of polyhedron steel frame.<li data-bbox="863 1223 1418 1393">• For the curtain wall and roof of the building, we applied membrane structures made of ETFE aired membrane, which consists of 3,615 aired pillows with a total area of approximately 104,388 square meters.<li data-bbox="863 1425 1418 1593">• The curtain wall of the Water Cube is the largest ETFE aired membrane structure project in the world in terms of project area, with complex structure and advanced thermal, optical and acoustical features.

BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
5	<p data-bbox="285 293 580 353">Tianjin Olympics Center (天津奧林匹克中心體育場)</p>  <ul data-bbox="285 634 766 825" style="list-style-type: none">• Location: Tianjin, China• Time of Completion: May 2006• Attributable Project Area: Approximately 60,990 m² (100%)	<ul data-bbox="863 293 1418 697" style="list-style-type: none">• The Tianjin Olympics Center, which is shaped like a water drop, was one of the stadiums that hosted the soccer games of the Beijing 2008 Olympic Games. It is one of the landmarks in Tianjin.• For the exterior surface of the building, we applied point-fixing glass curtain walls at the lower part, a honeycomb plate roof curtain wall at the middle and sun plate roofs on the top to form the irregular curved surface of the building.
6	<p data-bbox="285 868 743 927">Shenyang Olympics Sports Center Stadium (瀋陽奧林匹克體育中心)</p>  <ul data-bbox="285 1238 766 1425" style="list-style-type: none">• Location: Shenyang, China• Time of Completion: May 2007• Attributable Project Area: Approximately 41,931 m² (100%)	<ul data-bbox="863 868 1418 1272" style="list-style-type: none">• The Shenyang Olympics Center consists of the stand, which adopts a steel-reinforced concrete structure, and the roof, which adopts an arched steel structure. It is one of the landmarks in Shenyang.• The outside of the building takes a curved surface with open-type aluminum honeycomb plates as decoration. For the roof and curtain wall of the building, we applied a plate fitting system to overcome the difficulty caused by the irregular curved surface.

BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
7	<p>Technological Entrepreneurship Center at Southern Sub-center of Chengdu (成都市南部副中心科技創業中心)</p>  <ul style="list-style-type: none">• Location: Chengdu, China• Time of Completion: July 2006• Attributable Project Area: Approximately 79,519 m² (100%)	<ul style="list-style-type: none">• The Technological Entrepreneurship Center, an important landmark in Chengdu, is a half-round complex consisting of a round-shaped building surrounded by six petal-shaped buildings.• In this project, we applied glass stick curtain walls, aluminum panel curtain walls, stone curtain walls, motor-controlled glass louver systems, skylights, full-glass curtain walls, and aluminum alloy decorative mesh.
8	<p>Shenzhen Vanke Center (深圳萬科中心)</p>  <ul style="list-style-type: none">• Location: Shenzhen, China• Time of Completion: August 2009• Attributable Project Area: Approximately 59,578 m² (100%)	<ul style="list-style-type: none">• The Shenzhen Vanke Center is a complex of horizontal development with a total length of approximately 1,648 meters for its main structure, incorporating the functions of a conference center, an exhibition hall, a hotel and an office building. It adopts an innovative structure that integrates huge-span steel structures, bridge-stayed cables and steel reinforced concrete structures.• In this project, we applied T-shaped steel structure silicone glass curtain walls and intelligent, motor-controlled sun-shading systems.• The Shenzhen Vanke Center is a multi-function green building for which we have applied for LEED-NC2.2 platinum certification. During the life of the building, it will, to a maximum extent, save resources, reduce energy consumption, protect the environment and reduce pollution.


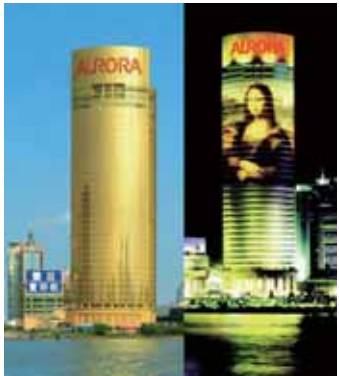
BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
9	<p data-bbox="284 287 762 387">Wuxi Shangneng Research and Development Building and Recreation Center (無錫尚能研發大樓及康樂中心)</p>  <ul data-bbox="284 691 762 883" style="list-style-type: none"><li data-bbox="284 691 566 719">• Location: Wuxi, China<li data-bbox="284 755 699 783">• Time of Completion: October 2008<li data-bbox="284 819 762 883">• Attributable Project Area: Approximately 19,787 m² (100%)	<ul data-bbox="858 323 1418 1178" style="list-style-type: none"><li data-bbox="858 323 1418 600">• The Wuxi Shangneng Research and Development Building and Recreation Center is a building designed to achieve maximum energy saving with the application of photovoltaic curtain wall and high-performance materials. It is the product research and development center of the photovoltaic company Suntech Power Holding Co., Ltd.<li data-bbox="858 634 1418 1010">• In this project, we applied double-insulation energy-saving photovoltaic glass to form the photovoltaic curtain wall in a total area of approximately 6,000 square meters. The south side of the curtain wall adopts an inclined plane to trap the maximum amount of solar energy by taking into account of the angle of the sunlight. The roof of the building adopts a frame-supporting glass skylight structure. The installed capacity of the photovoltaic curtain wall is approximately 1,000 kilowatts.<li data-bbox="858 1044 1418 1178">• The Wuxi Shangneng Research and Development Center has the largest energy-saving photovoltaic curtain wall in the world in terms of surface area.

BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
10	<p data-bbox="284 287 571 319">Yueyang Plaza (越洋廣場)</p>  <ul data-bbox="284 874 766 1074" style="list-style-type: none"><li data-bbox="284 874 608 906">• Location: Shanghai, China<li data-bbox="284 938 724 970">• Time of Completion: September 2007<li data-bbox="284 1002 766 1074">• Attributable Project Area: Approximately 80,530 m² (100%)	<ul data-bbox="863 325 1418 766" style="list-style-type: none"><li data-bbox="863 325 1418 463">• The Yueyang Plaza is a large complex which comprises a grade A office building, a super-five-star boutique hotel and a shopping mall.<li data-bbox="863 495 1418 666">• In this project, we applied active breathing double-skin curtain walls, which consists of outer unitized curtain walls, inner glass windows curtain walls, shading systems and ventilation devices.<li data-bbox="863 697 1418 766">• The Yueyang Plaza is known for its effective energy-saving and a high-level of user comfort.
11	<p data-bbox="284 1108 544 1172">Beijing New Poly Plaza (北京新保利大廈)</p>  <ul data-bbox="284 1555 766 1755" style="list-style-type: none"><li data-bbox="284 1555 587 1587">• Location: Beijing, China<li data-bbox="284 1619 699 1651">• Time of Completion: October 2006<li data-bbox="284 1683 766 1755">• Attributable Project Area: Approximately 5,400 m² (100%)	<ul data-bbox="863 1144 1418 1893" style="list-style-type: none"><li data-bbox="863 1144 1418 1283">• The Beijing New Poly Plaza, a large commercial building incorporating multiple innovative technologies in its design and engineering, is acclaimed as a landmark in Beijing.<li data-bbox="863 1315 1418 1698">• For the curtain wall of the building, we applied single-layer tightwire mesh as its supporting structure, which greatly increases the transparency of the curtain wall and improves the appearance of the building. With a height of approximately 90 meters and a span of approximately 60 meters, the single cable glass curtain wall has a total area of approximately 5,400 square meters, representing the cutting-edge curtain wall technology in the world.<li data-bbox="863 1730 1418 1893">• The Beijing New Poly Plaza has the largest concaved segment cable net glass curtain wall in the world, which was also the first of its type in the world, in terms of both single curtain wall area and span.


BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
12	<p data-bbox="284 293 635 351">Guangzhou Development Center (廣州發展中心大廈)</p>  <p data-bbox="284 883 766 1074"><ul style="list-style-type: none">• Location: Guangzhou, China• Time of Completion: September 2005• Attributable Project Area: Approximately 77,828 m² (100%)</p>	<ul style="list-style-type: none">• The Guangzhou Development Center is an office building in Guangzhou with a height of approximately 150 meters and a GFA of approximately 78,000 square meters.• In this project, we applied stick exposed frame glass curtain walls, back anchor granite curtain walls and vertical motor-controlled aluminum sun-shading louver systems.• The Guangzhou Development Center is the first major project in China that applied the vertical motor-controlled aluminum sun-shading louver system and the first project in China that used sandstone as a curtain wall material.
13	<p data-bbox="284 1117 566 1174">Shanghai Aurora Building (上海震旦國際大樓)</p>  <p data-bbox="284 1610 766 1800"><ul style="list-style-type: none">• Location: Shanghai, China• Time of Completion: October 2002• Attributable Project Area: Approximately 34,850 m² (100%)</p>	<ul style="list-style-type: none">• The Shanghai Aurora Building, with a height of 180 meters, is a multi-function comprehensive commercial building located in the Lujiazui Finance and Trade Zone in Shanghai.• In this project, we applied structure silicone unitized curtain wall to form a LED video curtain wall system, which has a total area of more than 3,000 square meters covering floors 19 through 33 of the building. As the LEDs are installed on the inner side of the curtain wall glass, the installation does not affect the appearance of the building during the daytime, but can display video programs at night.• The curtain wall of Shanghai Aurora Building, at the time of its completion, was the largest video curtain wall in China with LEDs installed on the inner side of the curtain wall glass.


BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
14	<p data-bbox="284 293 699 321">The Executive Towers at Business Bay</p>  <ul data-bbox="284 585 766 776" style="list-style-type: none"><li data-bbox="284 585 564 612">• Location: Dubai, UAE<li data-bbox="284 649 722 676">• Time of Completion: November 2007<li data-bbox="284 712 766 776">• Attributable Project Area: Approximately 407,467 m² (84.6%)	<ul data-bbox="863 327 1418 832" style="list-style-type: none"><li data-bbox="863 327 1418 427">• The Executive Towers at Business Bay comprises 11 buildings, the tallest of which has a height of approximately 220 meters.<li data-bbox="863 463 1418 661">• The exterior surface of the buildings is an integration of glass curtain walls, aluminum plate curtain walls, aluminum alloy doors and winders and blinds. The glass curtain wall adopts exposed frame stick curtain wall systems.<li data-bbox="863 697 1418 832">• The Executive Towers at Business Bay is the largest overseas curtain wall project undertaken by Chinese curtain wall companies in terms of attributable project area.
15	<p data-bbox="284 874 624 902">The Legacy at Millennium Park</p>  <ul data-bbox="284 1513 766 1689" style="list-style-type: none"><li data-bbox="284 1513 676 1540">• Location: Chicago, United States<li data-bbox="284 1576 687 1604">• Time of Completion: August 2009<li data-bbox="284 1640 766 1689">• Attributable Project Area: Approximately 36,000 m² (100%)	<ul data-bbox="863 908 1418 1172" style="list-style-type: none"><li data-bbox="863 908 1418 1008">• The Legacy at Millennium Park is a representative building in Chicago with a height of 250 meters.<li data-bbox="863 1044 1418 1172">• In this project, we applied unitized structure silicone glass walls with super displacement ability, stick structure silicone glass curtain walls and photovoltaic glass curtain walls.

BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
16	<p data-bbox="284 287 467 314">COCOON Tower</p>  <ul data-bbox="284 889 766 1074" style="list-style-type: none">• Location: Tokyo, Japan• Time of Completion: October 2008• Attributable Project Area: Approximately 22,000 m² (100%)	<ul data-bbox="861 327 1418 783" style="list-style-type: none">• The COCOON Tower is a super high-rise building with a height of 203 meters.• In this project, we applied unitized curtain walls with the largest panel in the world, an irregular-shaped double curved surface and a complex structure. The curtain wall unit has a weight of 1.5 tons and a size of 6 by 3.85 meters.• The COCOON Tower received the 2008 Emporis Skyscraper Gold Award, which is a prominent award for architectural excellence in the design of buildings and their functionality.
17	<p data-bbox="284 1110 603 1138">Westminster Park Plaza Hotel</p>  <ul data-bbox="284 1442 766 1634" style="list-style-type: none">• Location: London, United Kingdom• Time of Completion: April 2010• Attributable Project Area: Approximately 23,400 m² (87.5%)	<ul data-bbox="861 1151 1418 1449" style="list-style-type: none">• The Westminster Park Plaza Hotel is a cylinder-shaped building integrating high-quality accommodation, dining, bar and entertainment.• In this project, we applied double-skin curtain walls with multi-colored laminated glass fins, sandstone curtain walls, point-fixing glass curtain walls and skylights.

BUSINESS

No.	Project Name, Location, Time of Completion, and Attributable Project Area	Project Description
18	<p data-bbox="284 293 501 321">Meydan Racecourse</p>  <ul data-bbox="284 580 762 776" style="list-style-type: none">• Location: Dubai, UAE• Time of Completion: March 2010• Attributable Project Area: Approximately 147,000 m² (80.9%)	<ul data-bbox="863 327 1418 691" style="list-style-type: none">• The Meydan Racecourse, with a length of approximately 970 meters and a height of 68 meters, is the largest racecourse in the world.• In this project, we applied 46 types of curtain wall, most of which are point-fixing curtain walls and full-glass curtain walls. Particularly, we applied irregular glass plates in the curtain wall of the Bubble Restaurant of the Meydan Racecourse to create the appearance of irregular bubbles on the exterior surface of the building.
19	<p data-bbox="284 853 544 880">Airrail Center Frankfurt</p>  <ul data-bbox="284 1183 762 1378" style="list-style-type: none">• Location: Frankfurt, Germany• Time of Completion: December 2010• Attributable Project Area: Approximately 72,000 m² (56.3%)	<ul data-bbox="863 853 1418 1455" style="list-style-type: none">• The Airrail Center Frankfurt is a complex integrating hotel, office building, conference center, shopping mall and entertainment facilities. With a length of approximately 660 meters, a width of 65 meters and a height of 34 meters, the building represents the profile of the head of a train.• In this project, we applied segment unitized curtain walls on the south and north sides of the building and applied curved unitized curtain walls on the top of the building. At the east and west ends of the building, we applied double-skin curtain walls. The curtain walls use light blue laminated Low-E insulating glass units, sound insulation film and 3mm aluminum panels for better energy saving and sound insulation.

BUSINESS

Projects in Progress

The following table summarizes our curtain wall projects that were in progress as of December 31, 2010:

	China	Middle East	Europe	Australia	United States	Asia ⁽¹⁾	Other regions	Total
Number of projects in progress								
As of December 31, 2010	379	29	14	18	3	17	1	461
Unrealized Contract Value of projects in progress (RMB millions)								
As of December 31, 2010	7,141.2	3,952.1	925.6	921.3	154.2	607.5	118.5	13,820.4

Note:

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

As of December 31, 2010, we had 461 projects in progress, with a total of RMB13,820.4 million outstanding under our contracts and not yet been recognized as revenue in our financial statements (the “**Unrealized Contract Value**”). Among these projects, 379 projects and 82 projects are located in China and overseas, respectively, with a total Unrealized Contract Value of RMB7,141.2 million and RMB6,679.2 million, respectively. We compute the Unrealized Contract Value based on the total contract amount of all of our projects in progress as of December 31, 2010, less the aggregate amount of such contract value of each project that had been recognized as revenues in our financial statements as of December 31, 2010.

BUSINESS

The following table sets forth our representative curtain wall projects that were in progress as of December 31, 2010:

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
1	<p>Taiping Financial Tower (太平金融大廈)</p> <ul style="list-style-type: none">• Location: Shanghai, China• Expected Completion Year: 2011• Attributable Project Area: Approximately 50,000 m² (100%)	<ul style="list-style-type: none">• The Taiping Financial Tower, with a height of 208 meters, is a high-end office building located in the Lujiazui Finance and Trade Zone in Shanghai.• In this project, we applied basket-weaved unitized curtain walls to achieve the unique effect that the building looks like it is being enveloped with braided fabrics.
2	<p>Shenzhen New Oriental Tiandi Plaza (深圳新東方天地廣場)</p> <ul style="list-style-type: none">• Location: Shenzhen, China• Expected Completion Year: 2011• Attributable Project Area: Approximately 96,000 m² (100%)	<ul style="list-style-type: none">• The Shenzhen New Oriental Tiandi Plaza is a large-scale complex consisting of offices, hotels, apartments, and commercial buildings. It includes four towers and a five-story podium.• In this project, for buildings A, B and C, we will apply unitized glass curtain walls with glass fins on the north and south sides; on the east and west sides of the buildings we will apply perforated aluminum panel curtain walls. <p>For building D, we will apply french outward turning windows on the east and west sides; on the north and south sides, we will apply perforated aluminum panel curtain walls.</p>

Note:

⁽¹⁾ Attributable project area for a project in progress refers to the total area of the curtain wall to be completed by us pursuant to the project contract, as adjusted by the actual construction of the project, if necessary. The corresponding percentage refers to the percentage of the total curtain wall area of the project attributable to us.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
3	<p>Shenzhen Jingji Financial Center (深圳市京基金融中心)</p> <ul style="list-style-type: none">• Location: Shenzhen, China• Expected Completion Year: 2011• Attributable Project Area: Approximately 92,371 m² (100%)	<ul style="list-style-type: none">• The Shenzhen Jingji Finance Center, with a height of 441 meters and 98 floors, is the tallest building in Shenzhen, China.• In this project, we applied unitized curtain walls made of dual-pane Low-E glass with a curved shape for its northern side and southern side. LED lights are installed in the decorative bars built in the curtain walls to achieve various lighting effects at night under its central computer control system.• As Shenzhen Jingji Finance Center is located in an area frequently hit by typhoons, we designed its unitized curtain walls to be water-proof and highly wind-resistant.
4	<p>Shenyang Huarun Center (瀋陽華潤中心)</p> <ul style="list-style-type: none">• Location: Shenyang, China• Expected Completion Year: 2011• Attributable Project Area: Approximately 74,000 m² (100%)	<ul style="list-style-type: none">• The Shenyang Huarun Center consists of an office tower and a podium building.• In this project, we applied frame-supporting curtain walls to the podium building and applied unitized curtain walls to the office tower. The curtain walls use double silver coated Low-E tempered insulating glass units with high thermal insulation, 3mm fluorocarbon coating aluminum panels in three colors and stone, in three colors.
5	<p>Southern Asia Fengqing First City (南亞風情第一城)</p> <ul style="list-style-type: none">• Location: Kunming, China• Expected Completion Year: 2011• Attributable Project Area: Approximately 102,221 m² (100%)	<ul style="list-style-type: none">• The Southern Asia Fengqing First City is a large complex consisting of commercial and business buildings in Kunming, Yunnan province.• In this project, we will apply unitized curtain walls, with a combination of glass, stone and metal panels.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
6	<p>Chongbin Baoli International Plaza (重賓保利國際廣場)</p> <ul style="list-style-type: none"> • Location: Chongqing, China • Expected Completion Year: 2011 • Attributable Project Area: Approximately 67,100 m² (100%) 	<ul style="list-style-type: none"> • The Chongbin Baoli International Plaza is an integrated high-rise public building consisting of five-star hotels, grade-A office space and restaurants with a height of approximately 286.8 meters. It is currently the tallest building in Chongqing. • In this project, we will use Low-E insulating glass and stone materials for its curtain wall.
7	<p>Shenyang Maoye Center (瀋陽茂業中心)</p> <ul style="list-style-type: none"> • Location: Shenyang, China • Expected Completion Year: 2011 • Attributable Project Area: Approximately 68,400 m² (100%) 	<ul style="list-style-type: none"> • The Shenyang Maoye Center consists of main towers and podium buildings. Its main tower has a height of approximately 270 meters. • For the main tower, we will apply energy-saving unitized curtain walls. For the podium buildings, we will apply glass fins supporting point-fixing glass wall glass curtain walls, frame-supporting glass curtain walls, stone curtain walls and aluminum sheet curtain walls.
8	<p>Weibang Financial Plaza (維邦金融廣場)</p> <ul style="list-style-type: none"> • Location: Ordos, China • Expected Completion Year: 2012 • Attributable Project Area: Approximately 126,865 m² (100%) 	<ul style="list-style-type: none"> • The Weibang Financial Plaza is an integrated commercial, leisure and entertainment complex consisting of five towers and five podiums, with a height of approximately 105 meters. • In this project, we will apply stick curtain walls, with a combination of a variety of colored glass, ceramic panels, clay and aluminum panels to achieve the effects of modern architecture.
9	<p>Qingdao Yuanxiong International Square (青島遠雄國際廣場)</p> <ul style="list-style-type: none"> • Location: Qingdao, China • Expected Completion Year: 2012 • Attributable Project Area: Approximately 61,000 m² (100%) 	<ul style="list-style-type: none"> • The Qingdao Yuanxiong International Square is the largest complex in the Shandong province with a height of approximately 222.4 meters, consisting of high-grade office buildings, serviced apartments, five-star hotels, shopping malls and residential areas. • In this project, we will apply unitized curtain walls, Low-E insulating glass, aluminum plates and aluminum alloy blinds.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
10	<p>Shanghai Shengda International Finance Center (上海盛大國際金融中心)</p> <ul style="list-style-type: none"> • Location: Shanghai, China • Completion Date: 2011 • Attributable Project Area: Approximately 110,000 m² (100%) 	<ul style="list-style-type: none"> • The Shanghai Shengda International Finance Center, with a height of approximately 168 meters, is located in the Pudong New District in Shanghai. • In this project, we applied various types of curtain walls, including fish-scaled unitized glass curtain walls on the facade of the building, double-skin curtain walls in its lower and upper portions, and the decorative curtain walls made of perforated stainless steel sheets and aluminum plates.
11	<p>Headquarters of Microsoft (China) Research & Development Group (微軟(中國)研發集團總部)</p> <ul style="list-style-type: none"> • Location: Beijing, China • Completion Date: 2011 • Attributable Project Area: Approximately 58,900 m² (100%) 	<ul style="list-style-type: none"> • The Headquarters of Microsoft (China) Research & Development Group is located in Beijing Zhongguancun Science and Technology Park, also known as “China’s Silicon Valley.” • In this project, we applied various types of curtain walls, including unitized double-layer glass curtain walls, unitized single-layer glass curtain walls, glass stick curtain walls, aluminum panel curtain wall, stone curtain walls, aluminum alloy blinds, and shading systems.
12	<p>New Site of Guangzhou TV Station (廣州電視台新址)</p> <ul style="list-style-type: none"> • Location: Guangzhou, China • Completion Date: 2011 • Attributable Project Area: Approximately 110,000 m² (100%) 	<ul style="list-style-type: none"> • The New Site of Guangzhou TV Station consists of two towers, with the taller one having a height of approximately 100 meters. • In this project, we applied various types of curtain walls, including serrated glass and aluminum panel mixed curtain walls, steel structure cable point-fixing glass curtain walls, stick structure silicone curtain walls, point-fixing glass curtain walls, aluminum panel curtain walls), blinds and glass skylights. The curtain walls use tempered Low-E insulating glass units, tempered laminated glass units and XIR membrane for energy-saving.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
13	<p>Cross Strait Exchange Center Phase 2 (廈門海峽交流中心二期)</p> <ul style="list-style-type: none"> • Location: Xiamen, China • Expected Completion Year: 2012 • Attributable Project Area: Approximately 40,000 m² (100%) 	<ul style="list-style-type: none"> • The Cross Strait Exchange Center is a high-grade office building with a height of approximately 213 meters located in the north wing of Xiamen International Exhibition Center. • In this project, we will apply unitized glass curtain walls, aluminum alloy blinds, stick curtain wall, full-glass curtain walls and glass canopy systems.
14	<p>Shenyang Shengshi Chang'an Business Plaza (瀋陽盛世長安商業廣場)</p> <ul style="list-style-type: none"> • Location: Shenyang, China • Expected Completion Year: 2011 • Attributable Project Area: Approximately 54,593 m² (100%) 	<ul style="list-style-type: none"> • The building is planned to adopt a steel and reinforced-concrete structure, with a GFA of approximately 270,000 square meters. • In this project, we plan to apply various types of curtain walls, including exposed frame curtain wall systems, structure silicone unitized curtain walls, semi-hidden unitized curtain walls, aluminum panel curtain wall, stone curtain walls, point-fixing glass curtain walls and point-fixing glass canopies.
15	<p>Zhujiang New Town Project D3-7 (珠江新城D3-7項目)</p> <ul style="list-style-type: none"> • Location: Guangzhou, China • Expected Completion Year: 2012 • Attributable Project Area: Approximately 50,329 m² (100%) 	<ul style="list-style-type: none"> • The complex includes two towers and a podium building with a GFA of 108,590 square meters. • In the project, we plan to apply unitized glass curtain walls, frame-supporting glass curtain walls, aluminum panel curtain wall, stone curtain walls, aluminum blinds, full-glass curtain walls and canopies.
16	<p>China Construction Bank Building (中環建行)</p> <ul style="list-style-type: none"> • Location: Central, Hong Kong • Expected Completion Year: 2012 • Attributable Project Area: Approximately 18,650 m² (100%) 	<ul style="list-style-type: none"> • The China Construction Bank Building, Hong Kong, is a building integrating the functions of office building, hotel and commercial use. • In this project, we plan to apply unitized curtain walls and frame-supporting curtain walls, white-color glazed Low-E glass with exterior decorative lines. The building has effective energy-saving and daylight-providing features.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
17	<p>Tour Carpe Diem</p> <ul style="list-style-type: none"> • Location: Paris, France • Expected Completion Year: 2011 • Attributable Project Area: Approximately 27,463 m² (100%) 	<ul style="list-style-type: none"> • The Tour Carpe Diem is located at the business district of La Défense in Paris, adjacent to the New Arc de Triomphe, the Arc de Triomphe and Champs Elysees. It is an integrated complex consisting of offices and restaurants with a height of approximately 166 meters. • As the north and south wings of the building present shapes similar to gem cutting surfaces, we plan to apply irregular-shaped unitized curtain walls for this project.
18	<p>European Central Bank</p> <ul style="list-style-type: none"> • Location: Frankfurt, Germany • Expected Completion Year: 2012 • Attributable Project Area: Approximately 7,690 m² (6.8%) 	<ul style="list-style-type: none"> • The European Central Bank is likely to be Europe’s largest commercial bank, located in Frankfurt, Germany. • We plan to provide steel frame curtain walls, electric steel windows, skylights and surface blinds system for this project.
19	<p>Fiona Stanley Hospital Building B</p> <ul style="list-style-type: none"> • Location: Perth, Australia • Expected Completion Year: 2012 • Attributable Project Area: Approximately 42,000 m² (100%) 	<ul style="list-style-type: none"> • The Fiona Stanley Hospital Building B is a structure that is planned to adopt an aluminum sun-shading profile, with the application of triangular glass panels and composite panels. • In this project, we will apply Australian standard unitized curtain walls and unitized windows. The curtain walls are planned to have inside windows that can be opened, with triangular sun-shading components installed outside.
20	<p>United Tower</p> <ul style="list-style-type: none"> • Location: Kuwait • Expected Completion Year: 2011 • Attributable Project Area: Approximately 58,400 m² (100%) 	<ul style="list-style-type: none"> • United Tower is a high-rise building with a height of approximately 259 meters. • In this project, we applied unitized curtain walls with a hyperbolic surface and LED lighting systems. We also applied 658 pieces of laminated insulating glass unit in three colors, more than 1000 LED lights in different levels of brightness, perforated aluminum panel and PC panel for decoration purposes.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
21	<p>Abu Dhabi Investment Council New Headquarters Tower</p> <ul style="list-style-type: none"> • Location: Abu Dhabi • Expected Completion Year: 2011 • Attributable Project Area: Approximately 67,500 m² (100%) 	<ul style="list-style-type: none"> • The Abu Dhabi Investment Council New Headquarters Tower consists of two towers and podium buildings, with a maximum height of approximately 145 meters. • In this project, we applied a large shading system with intelligent controls comprising of a diaphanous screen that envelops a major portion of the buildings in the form of dynamic umbrellas, which open and close in response to the sun’s path. This shading system significantly reduces the amount of solar energy trapped and provides a more comfortable internal environment. • The curtain wall of Abu Dhabi Investment Council New Headquarters Tower has a unique design integrating intelligent control, environmental protection and energy conservation.
22	<p>Central Market Redevelopment Project</p> <ul style="list-style-type: none"> • Location: Abu Dhabi • Expected Completion Year: 2011 • Attributable Project Area: Approximately 178,000 m² (100%) 	<ul style="list-style-type: none"> • The Central Market Redevelopment consists of three super high-rise towers and podium buildings, integrating office building, hotel, high-end residence, commercial apartment and shopping mall. With a height of approximately 381 meters, it is the tallest building in Abu Dhabi. • In this project, we applied structure silicone unitized curtain walls to achieve a wavelike appearance on the facade of the buildings. We also applied energy-saving double-skin unitized curtain walls with built-in electric sun-shading curtain to the office buildings, which has high heat-shielding performance.
23	<p>Federation Tower</p> <ul style="list-style-type: none"> • Location: Moscow, Russia • Expected Completion Year: 2011 • Attributable Project Area: Approximately 120,000 m² (92.7%) 	<ul style="list-style-type: none"> • The Federation Tower consists of tower A, tower B and a panoramic lift tower, with a height of approximately 365 meters, 242 meters and 509 meters, respectively. It is expected to be the tallest building in Europe upon completion. • In this project, we applied energy-saving unitized curtain walls with hyperbolic surfaces, point-fixing glass curtain walls and glass skylights with snow-melting function.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
24	<p>Sportarena Allmend Luzern</p> <ul style="list-style-type: none"> • Location: Luzern, Switzerland • Expected Completion Year: 2011 • Attributable Project Area: Approximately 33,000 m² (100%) 	<ul style="list-style-type: none"> • The Sportarena Allmend Luzern consists of a stadium, a gymnasium and two residential buildings. • In this project, we will apply double insulated energy-saving unitized glass curtain walls to the two residential buildings and the gymnasium and will apply stick curtain walls to the stadium.
25	<p>Lamar Towers</p> <ul style="list-style-type: none"> • Location: Jeddah, Saudi Arabia • Expected Completion Year: 2012 • Attributable Project Area: Approximately 180,000 m² (100%) 	<ul style="list-style-type: none"> • The Lamar Towers, which consists of two towers and a podium building, is located in Jeddah on the Red Sea. With a height of approximately 322 meters, it is the tallest building in Jeddah. • For the two towers, we will apply glass curtain walls in three different colors with multiple V-shaped plane design. For the podium building, we will apply arched and plane glass curtain walls, granite and GRC panel curtain walls. LED lights are built in the decorative bars of the curtain wall units to achieve various lighting effects.
26	<p>Cleveland Clinic Abu Dhabi</p> <ul style="list-style-type: none"> • Location: Abu Dhabi • Expected Completion Year: 2012 • Attributable Project Area: Approximately 98,476 m² (46.3%) 	<ul style="list-style-type: none"> • The Cleveland Clinic Abu Dhabi is located in Sowwah Island, with a height of approximately 124.5 meters, a length of 240 meters and a width of 268.8 meters. It consists of eight buildings. • For Patient Tower, Swing Building and ICU Building, we will apply double-skin curtain wall system. For the other five buildings, we will primarily apply stick glass walls, fire stop curtain walls, U-shaped glass curtain walls, point-fixing skylights and motor-controlled glass louver systems.

BUSINESS

No.	Project Name, Location, Expected Completion Year, and Attributable Project Area ⁽¹⁾	Project Description
27	<p>Pentominium Tower</p> <ul style="list-style-type: none"> • Location: Dubai • Expected Completion Year: 2013 • Attributable Project Area: Approximately 102,000 m² (100%) 	<ul style="list-style-type: none"> • The Pentominium Tower, with a height of approximately 521.23 meters, is the tallest residential building in the world. • In this project, we applied semi-hidden unitized curtain wall systems, stone curtain walls and glass railings systems. • The Pentominium Tower received several 2007 CNBC Arabian Property Awards namely Best Apartment, Best Development, Best Architecture, Best Property, and Best High-Rise Architecture.
28	<p>Keangnam Hanoi Landmark Tower</p> <ul style="list-style-type: none"> • Location: Hanoi, Vietnam • Time of Completion: 2011 • Attributable Project Area: Approximately 95,000 m² (100%) 	<ul style="list-style-type: none"> • The Keangnam Hanoi Landmark Tower is a landmark in Hanoi consisting of an office building and two apartment buildings, with a maximum height of 329 meters. • In this project, we applied glass curtain walls to the office building and frame-supporting glass curtain walls to the two apartment buildings.

Uncommenced Projects

The following table summarizes the curtain wall projects for which we had been awarded contract but had not commenced work and no revenue had been recognized as of December 31, 2010:

	China	Middle East	Europe	Australia	United States	Asia ⁽¹⁾	Other regions	Total
Number of uncommenced projects								
As of December 31, 2010	19	-	3	2	-	4	-	28
Total contract value of uncommenced projects (RMB millions)								
As of December 31, 2010	303.2	-	58.0	89.2	-	60.4	-	510.8

Note:

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

The total contract value of our uncommenced projects was RMB510.8 million as of December 31, 2010. Among these projects, 19 projects and nine projects are located in China and overseas, respectively, with a total contract value of RMB303.2 million and RMB207.6 million, respectively.

BUSINESS

The following table sets forth our representative uncommenced projects as of December 31, 2010:

No.	Project Name, Location, Time of Completion, and Attributable Project Area ⁽¹⁾	Project Description
1.	<p>Changzhou Modern Media Center (常州現代傳媒中心)</p> <ul style="list-style-type: none"> • Location: Changzhou, China • Expected Completion Year: 2012 • Attributable Project Area: Approximately 100,000 m² (100%) 	<ul style="list-style-type: none"> • The Changzhou Modern Media Center is a complex integrating the functions of office building, hotel, broadcast and TV facilities, serviced apartment and commercial use. • In the project, we plan to apply unitized curtain walls, stone curtain walls, point-fixing curtain walls, skylights, motor-controlled shading louvres and canopies.
2.	<p>Gate of the Orient Tower (東方之門塔樓)</p> <ul style="list-style-type: none"> • Location: Suzhou, China • Expected Completion Year: 2012 • Attributable Project Area: Approximately 160,000 m² (80%) 	<ul style="list-style-type: none"> • The Gate of the Orient Tower is a skyscraper with an expected height of 278 meters currently under construction. The skyscraper has a distinct structure, consisting of two towers that merge at the top to form an arch. • In this project, we plan to apply unitized glass curtain walls, semi-hidden unitized curtain walls and skylights.
3.	<p>Hopeful Health Forum (匯福健康論壇)</p> <ul style="list-style-type: none"> • Location: Sanhe, China • Expected Completion Year: 2011 • Attributable Project Area: Approximately 77,375 m² (100%) 	<ul style="list-style-type: none"> • The Hopeful Health Forum is a complex integrating the functions of hotel, spa and ancillary facilities for health preservation. • In this project, we plan to apply stone curtain walls and exposed frame curtain walls.
4.	<p>Haikong International Plaza (海控國際廣場)</p> <ul style="list-style-type: none"> • Location: Haikou, China • Expected Completion Year: 2013 • Attributable Project Area: Approximately 73,184 m² (100%) 	<ul style="list-style-type: none"> • The Haikong International Plaza is a 52-level building with its Lower Levels for high-end office use and its Upper Levels for high-end hotel, with a total GFA of approximately 214,000 square meters. • In this project, we plan to apply unitized curtain walls, stick glass curtain walls and U-shaped glass walls.

Notes:

⁽¹⁾ Attributable project area for a uncommenced project refers to the total area of the curtain wall to be completed by us pursuant to the project contract. The corresponding percentage refers to the percentage of the total curtain wall area of the project attributable to us.

BUSINESS

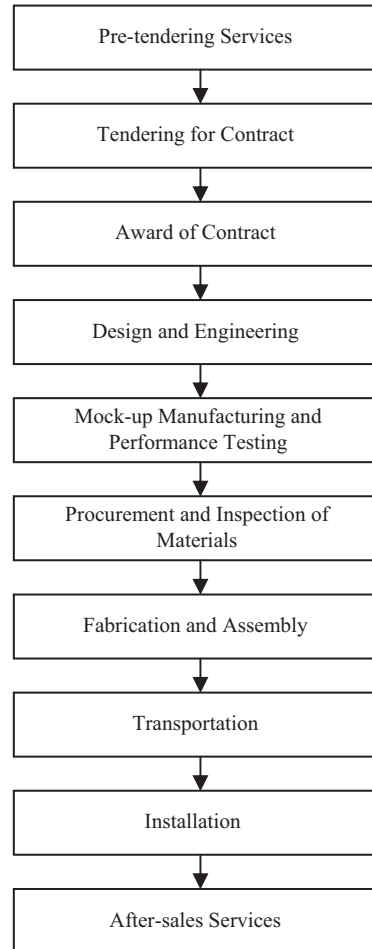
No.	Project Name, Location, Time of Completion, and Attributable Project Area ⁽¹⁾	Project Description
5.	<p>Shanghai Tower (上海中心大厦)</p> <ul style="list-style-type: none"> • Location: Shanghai, China • Expected Completion year: 2014 • Attributable Project Area: approximately 125,000 m² (100%) 	<ul style="list-style-type: none"> • The Shanghai Tower is expected to be the tallest building in China and the second tallest building worldwide upon its completion, with an expected total height of approximately 632 meters for the tower and approximately 580 meters for its main structure. Located in Lujiazui Finance and Trade Zone in Shanghai, it is designed to integrate the functions of office building, super-five-star hotel, shopping mall, sightseeing and featured convention facilities. • In this project, we plan to apply large-area curtain walls, stainless steel units, V-shaped glass curtain wall systems and curtain wall supporting systems.
6.	<p>Australia City Central Tower 8</p> <ul style="list-style-type: none"> • Location: Adelaide, Australia • Expected Completion Year: 2012 • Attributable Project Area: Approximately 12,600 m² (100%) 	<ul style="list-style-type: none"> • The Australia City Central Tower 8 is a commercial development which provides office space, shopping areas, car parking, and other related functions. • In this project, we plan to apply Australian Standard unitized curtain walls.
7.	<p>King Abdullah Petroleum Studies and Research Center</p> <ul style="list-style-type: none"> • Location: Riyadh, Saudi Arabia • Expected Completion Year: 2012 • Attributable Project Area: Approximately 116,000 m² (100%) 	<ul style="list-style-type: none"> • The King Abdullah Petroleum Studies and Research Center is a complex including villas and community buildings. • In this project, we plan to apply exposed frame frame-supporting curtain walls and customized windows systems.

The Unrealized Contract Value of projects in progress and the total contract value of uncommenced projects in aggregate constitute the value of our backlog. As of December 31, 2010, our value of backlog was RMB14,331.3 million.

BUSINESS

PROJECT WORKFLOW

We provide our customers with integrated curtain wall solutions. The key steps of our project workflow are as follows:



We have established a comprehensive project management system covering the entire process of curtain wall projects. We track potential curtain wall projects in advance of the tendering process through our information collection and pre-tendering services offered to potential customers. The process from time of award of the contract to completion of installation of the curtain wall products generally takes one to three years. This period varies according to a number of factors, including size of the curtain wall area, technical features and complexity of the curtain wall system, progress of construction of the building, timelines specified by the property developer, timing of approvals and consents for design drawings from relevant building authorities.

Pre-tendering Services

We source potential projects primarily through tenders by invitation, tenders by referral and open tenders. We generally receive invitation for tenders from potential customers and industry professionals who had previously engaged us in other projects or with whom we already have a business relationship. In addition, we attend open tenders based on the information we gathered through our extensive sales and marketing network.

BUSINESS

Prior to tendering, we provide various services to our potential customers, including introduction of the curtain wall industry and curtain wall technology, and arrangements for site visits to our production bases, completed projects and projects in progress. We also provide preliminary design and proposals pursuant to our customers' request.

Tendering for Contract

Our sales managers are the main coordinators for tendering, which requires the joint efforts of our different teams, including the proposal design team and the commercial bidding team. The proposal design team, which consists of technical staff, is responsible for the preparation of engineering design papers, structure calculation books, pre-fabrication technology, installation procedures, description of curtain wall's overall performance. The commercial bidding team, which consists of budgeting and quoting staff and sales staff, is responsible for negotiating and setting the tender price.

We have established a set of internal standards and procedures for tendering. In deciding whether to submit a bid, we consider various factors, including the profitability of the project, the profile and prestige of the project, the payment schedule, our competitive advantages, the identities and strengths and weaknesses of our competitors, and maturity of the local market where the project is located. Moreover, we submit bids only for projects that pass our comprehensive risk evaluation, which includes an evaluation of the customers' credibility and credit risk, and the scope and quality of the project and commercial terms.

After we decide to submit a bid, our proposal design team will prepare a preliminary design for the project in response to the technical specifications and performance requirements of the potential customer. Our research and development team will work jointly with the proposal team in preparing the initial design. Based on such design, our commercial bidding team will determine the estimated cost of the project, for our sales manager to provide a preliminary tender price. The general manager of our relevant branch office will set the final range of the tender price, which needs to be approved by the regional general manager.

Award of Contract

Upon submission of tender documents by all bidders pursuant to the customer's schedule, the customer will start the review process to determine its preference or ranking for the bidders. The review is generally based on three main factors: the bidder's capability and track record, the technical design of the bidder's proposal, and the bidder's tender price. Based on the review results and in order of the bidder's ranking, the customer will negotiate with the bidders on the contract terms on a one-to-one basis until it reaches agreement with a bidder.

After a project is awarded to us, we will form a project management team consisting of a project manager, designing staff, planning staff, constructing staff, safety and quality control staff and cost control staff. The project manager will, together with the project management team, determine the construction plan taking into account the circumstances. As the responsible person for the project, the project manager manages the project pursuant to the construction plan and the constructor's requirements.

Design and Engineering

After a project is awarded, our design and engineering staff for the project, who are also members of the management team for this project, will follow the detailed constructing plan to complete their

BUSINESS

work. Particularly, our design and engineering staff will work closely with the architecture firms and curtain wall consultants of the project (which are usually engaged by property developers, and not by us) to design a proposed curtain wall system, including preparing structural calculation books, design papers, pre-fabrication technology, and installation procedures, as well as providing suggestions on curtain wall’s overall performance methods.

Mock-up Manufacturing and Performance Testing

In accordance with our customers’ requests and the terms and conditions in the relevant customer contracts, our constructing plans provide for mock-up manufacturing and performance testing, which will be conducted after the relevant designs have been approved by the developer, or the architect or consultant designated by the developer. We generally carry out the mock-up manufacturing of our products and conduct strict performance testing at the testing center recognized by the relevant authorities to ensure compliance with both the regulatory requirement and the requirements of the project. The tests that we perform include structural load, water proofing and air proofing.

At our Shenyang production base, we conduct all performance testing at our own testing center, which has been accredited by CNAS (中國合格評定國家認可委員會). Through CNAS’s multilateral agreement with the members of ILAC, our product testing is also recognized by all ILAC members around the world. At our other production bases, we have independent third parties, which have also been accredited by CNAS, to conduct such performance testing.

Procurement and Inspection of Materials

After our mock-up products pass performance testing, we begin the bulk purchases of materials for production, which principally include aluminum extrusions, glass, steel and sealant. In selecting suppliers, we consider a variety of factors, including the suppliers’ qualification certification, quality control system, level of production technology and production process, reputation, financial condition and stability, and prices quoted. We conduct strict checks on the quality of the materials that are delivered to our production bases and periodically evaluate our existing suppliers to ensure that the quality of the materials supplied continue to meet our quality control standards. Specifically, we strive to spot check every batch of aluminum extrusions and glass by visual inspection and instrument inspection. We monitor its quality of sealant on an on-going basis during our production process.

Fabrication and Assembly

After we conduct checks on the quality of the materials, we fabricate and assemble the products based on the design drawings up to the stage where the fabricated products are ready to be directly installed at the work sites. We conduct checks on the finished products before packing.

Transportation

With the coordination of our project managers, we typically ship the assembled products to the work sites pursuant to our logistics planning and project progress. In order to facilitate transportation, we also ship curtain wall products to the work sites, or a place nearby, where we assemble the products for installation. We have our own vehicles for short-distance delivery while all long-distance shipments, including shipment overseas, are conducted by third-party logistics companies. In general, we purchase the insurance for all shipments whether undertaken by us or third-party logistics companies.

BUSINESS

Installation

The installation process generally involves the fixing of the curtain wall panels or other related products to the building using installation equipment. We generally manage the installation of curtain wall products on our own primarily through contract workers sourced from labor agencies in China with which we typically have a long history of cooperation. We are responsible for training and managing such workers, who are required to conduct simulation installation and pass our test before undertaking the actual installation work. We may engage local contractors to undertake the installation work overseas and provide technical guidance if we are not allowed to temporarily export labor from China to the relevant country or region. In addressing the difficult problems encountered in installation, we will send our team of experts and specialists to the work site to resolve the problems.

For some overseas projects, such as projects in Japan, we currently do not undertake the installation of our curtain wall products. Instead, we only sell our curtain wall products to our customers, who will manage the installation work by themselves or through third parties.

After-sales Services

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. We typically send our staff to the site within 48 hours after receiving our customers' requests.

We have specifically established after-sales departments and internal policies and procedures for the management of after-sale services for our projects. The after-sale services for our projects are generally conducted by our own employees, who are responsible for the after-sales services for their respective geographic areas.

RESEARCH AND DEVELOPMENT

We place great emphasis on research and development with a view to ensuring our leading position in the curtain wall industry. Our research and development is conducted through our own research and development team, which has the capability to develop new curtain wall products and technologies independently. Our research and development efforts are focused on the following areas:

- Develop cutting-edge products and technology that represent the industry trend to maintain our leading position in curtain wall technology, and apply new products and technology to projects, aiming to improve our profitability and focusing on energy-saving and high value-added products. For example, we have successfully developed energy-saving and environmental friendly curtain wall products and applied them in various projects.
- Develop innovative integrated solutions tailored to customers' requirements to enhance our competitiveness on bidding for projects. For example, we won the curtain wall project of the Water Cube in large part because we successfully developed the membrane structure solution for the project.
- Improve existing products, enhance production efficiency and reduce costs, such as through establishment of standard processing procedures, to increase the performance and

BUSINESS

competitiveness of our products. For example, we have been continuously improving the fabrication and assembly process of our unitized curtain wall products to enhance their performance.

We have received various awards and honors in recognition of our research and development efforts. For example, our ETFE packaged technology of air pillows was certified as a national scientific achievement (國家科技成果鑒定) in 2008, and received a first class ministry-level science and technology award from China State Construction Engineering Corporation (中建總公司科學技術獎一等獎) in 2008; our patent for membrane curtain wall structure received a China Patent Excellence Award (中國專利優秀獎) from the State Intellectual Property Office of the People's Republic of China in 2009, which was the only award for curtain wall enterprises; our DY101 unitized curtain wall received a Gold Prize for the Seventh China Patented New Technology and New Products Exposition (第七屆中國專利新技術新產品博覽會) in 1998 .

As of the Latest Practicable Date, our research and development team had successfully registered 58 patents in China or overseas for various curtain wall products and technologies which remain in force. We had also applied for the registration of another 17 patents. We believe our curtain wall technologies are superior in the global market, due in large part to the sophistication of our research and development capabilities.

For the years ended December 31, 2008, 2009 and 2010, we invested approximately RMB121.4 million, RMB136.4 million and RMB200.8 million in our research and development activities, representing approximately 2.1%, 1.9% and 2.2% of our revenue, respectively.

Research and Development Team and Structure

Our research and development center is responsible for the overall management, planning and coordination of the research and development of new curtain wall products and installation techniques. We believe we have the largest research and development team among all curtain wall providers in the world. As of December 31, 2010, our research and development team consisted of 632 research and development professionals, of whom more than 77% are holders of bachelor's degrees or above. We recruit college graduates from all over China and recruit talented engineers around the world.

Included in our research and development team are many experts who are well recognized in the curtain wall industry, including our core members Wang Shuangjun, Peter Tschudin, Anthony Alain and Schüpfer Ives. Mr. Wang, a panel member of the Professional Committee of Curtain Wall, Doors and Windows under the China Construction Metal Structure Association (中國建築金屬結構協會鋁門窗幕牆委員會專家組成員) and senior engineer, is well recognized as a leading expert in the curtain wall industry in China. Mr. Wang has directed a series of landmark projects, including the Water Cube, the Bird's Nest, and the Russian Federation Tower. Mr. Tschudin is an internationally renowned expert with about 40 years of experience in the curtain wall industry. Mr. Alain, the design director of our subsidiary Yuanda Europe Ltd., has about 20 years of experience in the curtain wall industry. Mr. Ives has about 11 years of experience in the curtain wall industry. Mr. Tschudin, Mr. Alain and Mr. Ives have participated in the design of multiple projects and contributed to our market expansion overseas. The above core members of our research and development team, whose expertise and responsibilities are primarily related to the research and development of new curtain wall products and technology, are not our Directors or senior management members, whose key responsibilities are to manage our operations and execute our strategies.

BUSINESS

Under the central supervision and coordination of the research and development center, our research and development activities are carried out through 12 divisions categorized by the geographic markets on which their respective research and development work is focused. The research and development of each division is tailored to the specific climate and market requirement in the relevant geographic area. Depending on the needs of each project, our research and development center will assign relevant divisions or research and development staff of different divisions to jointly work on the same project to fully utilize the strengths of our different divisions. The locations and areas of research focus of our 12 divisions are as follows:

No.	Division	Location	Geographic Market for Application of Products and Technology to be Developed	Product Features of Research Focus
1	Northeast China Division	Shenyang, China	Northeast China	high thermal insulation, airtight, and energy-saving
2	Beijing Division	Beijing, China	North China	high thermal insulation, airtight, and energy-saving
3	Shanghai Division	Shanghai, China	East China	resistance to wind pressure, water-proof, energy-saving, low carbon, and ecological friendliness
4	Chengdu Division	Chengdu, China	Southwest China	energy-saving, environmental protection, and combined utilization of solar energy
5	Guangdong Division	Foshan, China	South China	sun-shade and thermal insulation, as well as solar refrigeration technology
6	Europe Division	Shenyang, China; Basel, Switzerland	Europe	energy-saving, environmental protection and clean energy
7	Australia Division	Shenyang, China; Sydney, Australia	Australia	energy-saving, environmental protection and clean energy that are suitable for the climate of Australia
8	Persian Gulf Division	Shenyang, China	Persian Gulf area (excluding United Arab Emirates and Saudi Arabia)	high airtight, energy-saving, environmental protection, sun-shade and comfort
9	Russia Division	Shenyang, China	Russia Federation	high airtight, thermal insulation, and energy-saving

BUSINESS

No.	Division	Location	Geographic Market for Application of Products and Technology to be Developed	Product Features of Research Focus
10	Americas –Africa –Japan Division	Shenyang, China; Tokyo, Japan	Japan, North America, South America	high technology, high performance, shock resistance, energy-saving, environmental protection and clean energy
11	United Arab Emirates Division	Shenyang, China	United Arab Emirates	high performance, high airtight, wind- and sand-proof, sun-shade with aesthetic appearance, thermal insulation, energy-saving, and environmental protection
12	Saudi Arabia Division	Shenyang, China	Saudi Arabia	high airtight, thermal insulation, energy-saving, environmental protection, and utilization of solar energy

Research and Development Achievements with Significant Market Impact

Since our inception in 1993, we have been developing new curtain wall products which seek to represent industry trends. Some of these products which have a significant market impact are listed as follows:

Curtain Wall Product ⁽¹⁾	Year Developed	Product Features	Industry Impact and Significance to the Company	Representative Projects
Dual-pane energy-saving photovoltaic curtain wall	2007	Integration of photo-voltaic system into curtain wall to generate electricity from solar energy	It provides a way of applying photo-voltaic technology to curtain wall, promotes the development of renewable energy in the curtain wall industry, and achieves the change from energy-saving to energy-generation in the application of curtain walls.	Wuxi Shangneng Research and Development Building and Recreation Center, Theme Pavilion of Expo 2010 Shanghai China
Membrane structure curtain wall and skylight	2006	High transparency, thermal and sound insulation, and light weight	We are the first in China to apply membrane structure curtain walls and skylights. It provides a way of applying ETFE membranes to curtain walls, and promotes the development of curtain wall technology toward high performance and diversification.	Bird's Nest, Water Cube

BUSINESS

Curtain Wall Product ⁽¹⁾	Year Developed	Product Features	Industry Impact and Significance to the Company	Representative Projects
Energy-saving double-skin curtain wall	2002	Thermal and sound insulation, energy-saving, environmentally friendly, natural ventilation, and suitable for decoration	We are the first in China to apply energy-saving double-skin curtain walls. It provides a new way of achieving energy saving using a curtain wall.	Shanghai Yueyang Plaza, Microsoft China Research & Development Group Office, Addington Street Hotel, Cleveland Clinic Abu Dhabi
Unitized curtain wall	1997	Fast and convenient installation as a result of assembly of standardized units in factory, and strong shifting capability	We are the first in China to develop unitized curtain walls.	Russia Federation Tower, Cocoon Tower, Central Market Redevelopment, Shanghai Aurora Building
Frame concealed glass and aluminum curtain wall	1995	Firm structure, evenness of curtain wall surface as well as shock resistance	It is the first generation of high-performance frame concealed curtain walls independently developed in China. It improves the safety of curtain wall and installation efficiency, and stimulates the fast growth of the curtain wall industry in China.	China Construction Bank Shanxi Branch, Industrial and Commercial Bank of China Shenyang Branch

Note:

- (1) For each of our curtain wall products listed in the table above, we have registered one or more patents. The details of all our patents, including their validity periods, are set out in “Appendix VII. Statutory and General Information – Information about the Business – Intellectual property rights of the Group – Patents” attached to this document.

Our research and development will be focused on: (i) utilization of renewable energy and the development and application of energy-saving and environmentally friendly curtain walls with high performance, (ii) the development and application of new curtain wall materials and production process, including cooperation with our suppliers of raw materials, and (iii) the transformation, application and commercialization of research and development results. We believe we are a market leader in providing curtain wall solutions with the application of new materials and advance technologies, and will strengthen our leading position through further research and development.

DESIGN

In the execution of the projects after award of contracts, our design staff is responsible for applying our existing products and the new products developed by our research and development personnel for specific projects to the project. They conduct further design development for construction engineering, which includes further development of engineering design papers, structure calculation books, pre-fabrication technology and installation procedures. They also direct our plant production and

BUSINESS

assembly as well as on-site installation. We have one of the largest design teams among all providers of curtain wall products around the world, which consists of about 1,546 personnel. To ensure project quality, we conduct all design work through our own design team. With the strong support of our design team, we are able to simultaneously conduct design for hundreds of projects.

PRODUCTION FACILITIES

We have four production bases located in Shenyang, Shanghai, Chengdu and Foshan, respectively, with a total site area of 1,374,065 square meters as of December 31, 2010. For the year ended December 31, 2010, our production capacity was approximately 10.0 million square meters.

Set forth below is a summary of certain key information in respect of our existing production bases as of December 31, 2010 and production capacity information during the Track Record Period:

	Existing Production Bases			
	Shenyang	Shanghai	Chengdu	Foshan
Market focus	Northeast China, North China, overseas markets	East China, some overseas markets	West China	South China
Site area (square meters)	1,104,084	159,795	32,740	77,446
Workshop GFA (square meters)	462,571	69,276	11,904	20,221
Year of commencement of production ⁽¹⁾	1993	2000	2000	2005
Production capacity (square meters) ⁽²⁾ /Utilization Rate ⁽³⁾				
2008	3,000,000/81%	1,500,000/88%	600,000/90%	500,000/79%
2009	5,500,000/58%	2,200,000/89%	750,000/86%	850,000/58%
2010	5,500,000/73%	2,600,000/81%	900,000/105% ⁽⁴⁾	1,000,000/91%

Note:

- (1) The year of commencement of production refers to the year when we commenced production in the cities indicated.
- (2) Production capacity for curtain wall products of our production facility during a time period refers to the maximum amount of standard unitized curtain wall products, in terms of area, such production facility can produce during such period. The estimation of such maximum amount is based on the GFA of the workshops, the number of production employees and the number of relevant production equipment at such production facility, assuming the production is being operated eight hours a day and for 251 days a year. The operation days of a year will be adjusted proportionally for a period shorter than one year.
- (3) Utilization rates are estimated primarily according to the actual working time of our production employees as compared with their full working time of eight hours a day and 251 days a year.
- (4) The utilization rate was higher than 100% primarily due to a significant amount of overtime for which our production employees at Chengdu production base worked in 2010. As a result, the actual working time of our production employees at Chengdu production base in 2010 exceeded their assumed full working time of eight hours a day and 251 days a year.

Our Directors generally manage our production flow and assess the need for expansion of production facilities based on the utilization of our current production bases, estimated growth of the newly won project contracts and market expansion strategies. We have achieved fast and stable growth in

BUSINESS

our revenues during the Track Record Period, which were approximately RMB5,911.3 million, RMB7,062.0 million and RMB9,260.9 million, respectively, for the years ended December 31, 2008, 2009 and 2010, representing a CAGR of 25.2%. While we expect such growth to continue, the utilization rate of our Shenyang production base, Shanghai production base, Chengdu production base and Foshan production base reached approximately 73%, 81%, 105% and 91% in 2010, respectively, which are estimated primarily according to the actual working time of our production employees as compared with their full working time of eight hours a day and 251 days a year. Based on the above estimated utilization rate for each of our four existing production bases as well as their contribution to our overall production capacity, the overall utilization rate of our existing production facilities was approximately 80% in 2010. As such, we intend to further expand our production facilities in anticipation of the increasing market demand for our products and services. Set forth below is a summary of certain key information in respect of our expansion plans.

Curtain Wall Production Bases	Estimated Increase of Annual Production Capacity after Completion	Total Annual Production Capacity after Completion	Expected Completion Date	Capital Expenditure Incurred As of December 31, 2010 (RMB million)	Total Planned Capital Expenditure for Expansion (RMB million)
Existing Production Bases					
Shanghai	1,400,000 square meters	4,000,000 square meters	May 2013	135.4	247.4
Chengdu	1,600,000 square meters	2,500,000 square meters	May 2013	–	96.5
Foshan	2,500,000 square meters	3,500,000 square meters	May 2013	–	150.0
Production Base under Construction					
Anshan	1,000,000 square meters	1,000,000 square meters	December 2012	16.3	48.0
Planned Production Bases					
Tianjin	2,500,000 square meters	2,500,000 square meters	December 2013	–	181.0
Middle East	600,000 square meters	600,000 square meters	December 2013	–	120.0
Auxiliary Production Facilities					
Aluminum alloy doors & windows (Shenyang)	1,500,000 square meters	1,500,000 square meters	December 2013	2.0	63.1
Glass joint venture (Shenyang)	4,000,000 square meters ⁽¹⁾	4,000,000 square meters ⁽¹⁾	August 2013	29.0	120.7
Aluminum extrusion	250,000 tons	250,000 tons	N/A ⁽²⁾	–	120.0

Note:

- (1) The annual production capacity is expected to be 1.0 million square meters of glass upon completion of its phase I in 2012 and 4.0 million square meters of glass upon completion of its phase II in 2013.
- (2) We plan to produce aluminum extrusions either by ourselves or through joint ventures with international business partners. The completion date for our planned auxiliary production facilities for aluminum extrusions is uncertain because we are currently still negotiating with several potential joint venture partners to explore the possibilities to establish a joint venture for the production of aluminum extrusions.

The total capital expenditures for the above expansion plans are estimated to be approximately RMB1,146.7 million. We intend to use our internal funds and, if necessary, bank borrowings to finance these expansion plans. We are required to obtain the following approvals or permits for each of the above expansion plans: (i) state-owned land use permit; (ii) land use permit; (iii) construction planning permit;

BUSINESS

(iv) construction permit; and (v) documents related to environmental protection approval. We intend to apply for these approvals and permits in a timely manner according to the progress of our expansion plans.

We use advanced equipment for our curtain production, a majority of which was imported from Germany, Italy, Austria, Japan and United Kingdom. For example, we have purchased various automated machines from a global leading manufacturer of extrusion fabrication equipment, including aluminum extrusion processing center. Such processing center, which is used for drilling and milling aluminum extrusions with computer-controlled program, has a maximum processing deviation less than 0.01 millimeters and takes one-tenth of the time as required by traditional machines to process aluminum extrusions. We have also purchased advanced equipment from renowned Italian suppliers, including sheet metal equipment, thermal bridge machinery, and insulated aluminum extrusion production line. Such production line, which is used to combine insulated aluminum extrusions, has a maximum processing speed of 45 meters per minute and takes one fifth of the time as required by traditional machines to complete the combination.

Shenyang Production Base

Our Shenyang production base has the most comprehensive supporting facilities among our production bases, including eight research and development divisions, our own testing center and auxillary plants. Our headquarters is also located in Shenyang.

We use our Shenyang production base primarily for the processing, fabrication and assembly of curtain wall products for projects in Northeast China, North China and overseas. It has convenient access to highways and seaports, which greatly facilitates the transportation of our curtain wall products for overseas projects. As of February 28, 2011, the facilities had an aggregate site area of approximately 1,104,084 square meters; and the workshops at our Shenyang production base had a total GFA of approximately 462,571 square meters.

Currently, the majority of our curtain wall products for overseas projects are produced in our Shenyang production base. In order for our Shenyang production base to have sufficient production capacity to meet the growing market demand from overseas as well as better serve our local customers, we are constructing, or plan to construct, new production bases at other strategic locations. Specifically, we are constructing a production base in Anshan, China and plan to construct a production base in Tianjin to support our growth in Northeast China and North China, respectively. In addition, we plan to construct a production base in the Middle East to facilitate our growth in the Middle East and its surrounding area. For more information, see the sections entitled "– Anshan Production Base under Construction," "– Planned Tianjin Production Base" and "Planned Middle East Production Base" in this document. We believe these new production bases will allow us to reduce transportation costs, improve market response time and enhance our after-sales services in these areas.

Shanghai Production Base

We use our Shanghai production base primarily for the processing, fabrication and assembly of curtain wall products for projects in East China and a portion of our projects in Southeast Asia. In order to meet the growing market demand in East China, we are in the process of expanding our Shanghai production base by acquisition of land and new equipment and construction of new production facilities. In connection with the expansion, we have acquired land in Jiading district, Shanghai, from the Shanghai

BUSINESS

Jiading District Planning and Land Authority for a total price of approximately RMB42.8 million. As of the February 28, 2011, we had completed the construction of the new workshop buildings in our Shanghai production base. As of February 28, 2011, the facilities in Shanghai, which we own, had an aggregate site area of approximately 159,795 square meters; and the workshops at our Shanghai production base had a total GFA of approximately 69,276 square meters. We plan to further expand the production capacities of our Shanghai production base by acquiring more equipment and machinery.

Chengdu Production Base

We use our Chengdu production base primarily for the processing, fabrication and assembly of curtain wall products for projects in West China. As of February 28, 2011, the facilities, which we lease from an independent third party, had an aggregate site area of approximately 32,740 square meters; and the workshops at our Chengdu production base had a total GFA of approximately 11,904 square meters.

In order to meet the growing market demand in West China, we plan to expand our Chengdu production base by acquiring land and new equipment and constructing a new plant. For more information, see the section entitled "– Properties – Owned Properties" in this document. We expect to complete the expansion by the end of 2012.

Foshan Production Base

We use our Foshan production base primarily for the processing, fabrication and assembly of curtain wall products for projects in South China. As of February 28, 2011, the facilities, which we own, had an aggregate site area of approximately 77,446 square meters; and the workshops at our Foshan production base had a total GFA of approximately 20,221 square meters.

In order to meet the growing market demand in South China, we plan to expand our Foshan production base by acquiring land and new equipment and constructing two new plants. We expect to complete the expansion by the end of 2012.

Anshan Production Base under Construction

In order to support our growth in Northeast China together with our Shenyang production base, we are constructing a new production base in Anshan, China. In connection with the expansion, we have acquired land in Anshan Dadaowan Economic and Technological Development Area from the Land and Resources Bureau of Anshan for a total price of approximately RMB23.4 million. Our Anshan production base, which has an aggregate site area of approximately 60,994 square meters, is expected to have workshops with a GFA of approximately 32,186 square meters upon completion by 2011.

Planned Tianjin Production Base

In order to facilitate our growth in North China, we plan to establish a new production base in Tianjin. We currently lease plants in Beijing to assemble our curtain wall products fabricated in our Shenyang production base to meet the requirements of our projects in North China, Inner Mongolia, Shandong province and Henan province. As our current production, assembly and transportation arrangement is not expected to meet the requirement of our business growth in this area, we plan to acquire land in Tianjin with an aggregate site area of 133,000 square meters to establish a new production base, which is expected to commence production by 2013. We intend to move our current assembly plants in Beijing to our Tianjin production base after its completion.

BUSINESS

Planned Middle East Production Base

In order to facilitate our growth in the Middle East, we plan to establish a new production base in the Middle East. Currently all the curtain wall products required for our projects in the Middle East are fabricated and assembled in our Shenyang production base. We expect our business in the Middle East to continue to grow and contribute to our revenue generated from overseas markets. To expand our market share, enhance after-sale service, improve market response time, and reduce the risk and cost associated with long-distance transportation, we plan to acquire land in the Middle East with an aggregate site area of 100,000 square meters to establish a new production base. We are currently conducting research and investigation for the site selection and have not determined the country in which we will construct the production base. We plan to construct workshops with a GFA of approximately 40,000 square meters at this new production base, which is expected to commence production by 2013. Our planned Middle East production base will support our operations in the Persian Gulf area, India, Pakistan and the Middle East area.

Auxiliary Production Facilities

In Shenyang, we have set up auxiliary plants in our Shenyang curtain wall production base to provide common auxiliary parts and components for, and auxiliary processing of, our curtain wall products, including the production of steel parts, standard stainless steel parts and sealing joint strips, as well as spray processing. Our auxiliary plants have not only increased the efficiency in processing and fabricating curtain wall products but also lowered our material and processing costs as compared with external procurement or outsourcing.

In order to meet the increasing market demand, we plan to construct a new facility for the production of aluminum alloy doors and windows in Shenyang, which is expected to be completed by 2013. The new facility will be constructed on a parcel of our existing land in Shenyang Economic and Technological Development Area which we previously acquired from Shenyang Planning and Land Resource Bureau for a total price of approximately RMB76.0 million. We believe this production facility, which is expected to have a total GFA of approximately 65,826 square meters, will further enhance our overall competitiveness in the curtain wall industry. The production facilities, upon completion, is expected to have an annual production capacity of 1.5 million square meters of aluminum alloy doors and windows.

In August 2010, we signed a memorandum of understanding with an international glass company to establish a joint venture to manufacture glass in Shenyang, China. Pursuant to the memorandum of understanding, we will hold a 49% equity interest in the joint venture. The planned production facilities of the joint venture are expected to have an annual processing capacity of 1.0 million square meters of glass upon completion of its phase I in 2012 and 4.0 million square meters of glass upon completion of its phase II in 2013. However, this memorandum of understanding is not legally binding except for the terms on confidentiality, exclusive negotiation and dispute resolution. As we have not entered into any definitive joint venture agreement with the international glass company, the commercial terms for the joint venture, including the commencement date of production, are uncertain. In connection with this joint venture plan, we have acquired land in Shenyang Economic and Technological Development Area from Shenyang Planning and Land Resource Bureau for a total price of approximately RMB81.4 million.

Moreover, we are currently negotiating with several potential joint venture partners to explore the possibilities to establish a joint venture for the production of aluminum extrusions. The planned

BUSINESS

production facilities, upon completion, are expected to have an annual production capacity of 250,000 tons of aluminum extrusions. As of the Latest Practicable Date, we had not made acquisition of land in connection with this plan.

QUALITY CONTROL

We have established strict quality management and control system pursuant to ISO9001 standards, applying the Total Quality Management model. We have also issued a series of documents as our primary standards for quality control, including operation guidelines, process control paper, and penalties for quality control. Our quality control is implemented at every important step of our production and installation process, from inspection of raw materials, fabrication and assembly, logistics to after-sale services. To ensure high quality, products must be fabricated and assembled strictly pursuant to our drawings and technical specifications.

Quality Control Standards

Product standards generally include national mandatory standards, industry standards and enterprise product standards. By reference to national standards and industry standards, we have established our own product standards, which are more stringent than the nationally mandated standards. We strictly implement quality control in the production and installation process pursuant to our product standards. When we work on international projects, according to our customers' requirements, we may apply standards adopted in other relevant jurisdictions. Our quality control standards are provided in our quality brochures, procedure documents and sub-procedure documents, process documents, design documents and operation guidelines.

Quality Control Measures

We implement quality control by focusing on the following five key factors that affect the quality of our curtain wall products and continuously seek to improve our product quality.

- **Employees.** We place a great emphasis on our employees' quality-consciousness and technical training. To strengthen our employees' quality-consciousness, we hold various professional training sessions and conduct performance evaluation for our employees.
- **Equipment.** We have many precision testing instruments and production equipment. We conduct regular maintenance and calibration pursuant to relevant requirements on our instruments and equipment.
- **Raw Materials.** We have established a full set of procedures for raw material inspection and supplier management. We inspect all incoming materials, particularly aluminum extrusions and glass, to ensure that they meet our quality standards and specifications. Materials that do not meet our quality standards and specifications will be rejected and returned to the suppliers. We conduct regular review of our main suppliers to ensure the quality of their supplies meet our requirements.
- **Rules.** We have long established rules on production and installation. For example, we have implemented stringent on-site rules to prevent falling of small tools and mitigate the risk of fire incidents arising from welding. We keep detailed quality records for our production and operation to further improve our product quality.

BUSINESS

- **Environment.** We keep a clean and orderly working environment to increase our employees’ work efficiency and reduce the occurrence of quality problems.

We conduct curtain wall installation primarily by using contract workers sourced from labor agencies and, under limited circumstances, through local subcontractors we engage in certain overseas countries or regions. For more details, please see the section entitled “- Our Cooperation with Third Parties for Curtain Wall Installation” in this document. To ensure the quality of the installation work conducted through these third parties, we have taken various measures including the following.

- **Selection of Installation Team.** In selecting labor agencies or overseas local subcontractors for curtain wall installation, we consider various factors to assess the candidates in order to ensure the quality of the installation work. Such factors include the candidates’ installation experience, the number of skilled labor they have, their capabilities to carry out projects, their ability to make timely progress payment, their intention to cooperate with us in the long term, and our evaluation of their past performance.
- **Technology Management.** Our project management personnel will make sure the installation team sufficiently understands the detailed technical and quality requirements for the project. In addition, our project management personnel will work together with the installation team to analyze the issues that surface during sample installation to prevent similar problems in the future.
- **On-site Inspection.** For every curtain wall project, we have at least one on-site quality and safety controller responsible for the daily supervision of project quality and safety; our regional divisions send quality and safety inspectors to inspect each project in its region on a regular basis, and our headquarter also conducts random inspection on our projects.
- **Troubleshooting.** Our project management personnel and installation team also conduct regular quality inspections and hold weekly meetings on quality issues. Any quality issues are required to be resolved in a timely manner.
- **Acceptance Inspection.** We arrange acceptance inspections at different stage of a project and make detailed documentation to ensure project quality and prevent large-scale quality issues.

Performance Tests

We conduct various performance tests on our products before, during and after installation of our curtain wall products to ensure high-quality of our projects.

Before installation

- **Safety Test for Curtain Wall Connection.** This test is primarily conducted on the pre-embedded piece and cast-in embeds of curtain wall. We first apply for such testing and then select testing samples at construction site with the on-site supervisor’s approval. The testing is conducted by professional testing companies, which will issue a testing report to guide us on the next steps to be taken.

BUSINESS

- **Re-check Testing for Materials:** This is a quality test for curtain wall components. The on-site supervisor will select material samples from the construction site to be sent to laboratories for testing for their chemical and physical performance. Such laboratories will provide a testing conclusion pursuant to relevant national and industry standards.
- **Testing for Material Compatibility:** This is a safety and performance test to confirm whether there is adhesion failure or harmful chemical action between the sealant and the curtain wall components. We provide sample curtain wall components to the manufacturers of relevant sealant, which will conduct the testing and provide us with a written report.
- **Performance Testing for Curtain Wall:** This is a test to ensure the curtain wall performance during its usage, including four fundamental tests for resistance to wind pressure, water-proofness, air-tightness and plane deformation. Depending upon the circumstances, testing may also be conducted on thermal insulation, sound-proof, shock resistance and optical performance. The performance testing is conducted by national testing laboratories pursuant to the curtain wall drawings and performance index for the relevant projects.

During installation

- **Continuity Testing for Lightning Shielding Mesh:** This is a test to confirm that the people and properties in the building will not be harmed if curtain walls were to be hit by lightning. The testing will be conducted on every lightning shielding mesh.
- **Strength Testing for Structural Adhesive:** Structural adhesive is used to bond curtain wall plates and aluminum extrusions. This is a test to be conducted after we apply structural adhesive but before we apply sealant to curtain wall components.

After installation

- **On-site Spray-water Testing:** This is an on-site test for curtain wall leakage, which will be conducted at every joint cross connection for five minutes by spraying water.

SALES AND MARKETING

We conduct our business primarily through direct sales, which avoids the potential problems associated with agency sales. For most of our sales, both in China and overseas, we provide one-stop services that include system design, curtain wall products, installation and on-site management. For a small portion of our sales in overseas countries that do not allow import of labor, depending on circumstances and the request from the clients, we may either hire third parties locally to conduct installation, or sell only curtain wall products and technology without providing installation and on-site management.

We have established an extensive sales and marketing network to provide our products and services to our customers around the world. Our sales and marketing staff are responsible for information collection, marketing, sales and customer services. They also play an important role in providing support to our existing customers and meeting with prospective customers to assess and understand their requirements so that we can better cater to their needs. During the tendering process, under the

BUSINESS

centralized management of our management center for project tendering, our research and development team will work jointly with our marketing department in preparation for the initial design. As of December 31, 2010, we had 311 sales and marketing staff.

Geographic Focus

Our sales and marketing department is divided into 12 divisions responsible for the sales and marketing in North China, Northeast China, East China, South China, West China and seven overseas regions, respectively. As of December 31, 2010, our sales and marketing department manages our global network through 34 branch offices or subsidiaries in China and 25 branch offices or subsidiaries overseas.

Our 12 divisions in the sales and marketing department cover the following geographic areas, respectively:

- East China, centering on Shanghai
- North China, centering on Beijing
- South China, centering on Guangzhou and Shenzhen
- West China, centering on Chengdu
- Northeast China, centering on Shenyang
- Americas and Africa
- United Arab Emirates
- Saudi Arabia
- Europe
- Persian Gulf area (excluding the United Arab Emirates and Saudi Arabia), India and Pakistan
- Russian Federation
- Australia and Southeast Asia

We have established a three-tier management model including our headquarters, regional divisions and local branches. Our headquarters, which is responsible for our overall strategies, policies and marketing objectives and incentive compensation plans, appoints the key management members of our regional divisions and directs, monitors and evaluates the operations of our regional divisions. In particular, our headquarters is in charge of establishing our marketing strategies and policies, coordinating the sharing of market resources, researching the curtain wall industry and its competitive landscape, and allocating resources among projects.

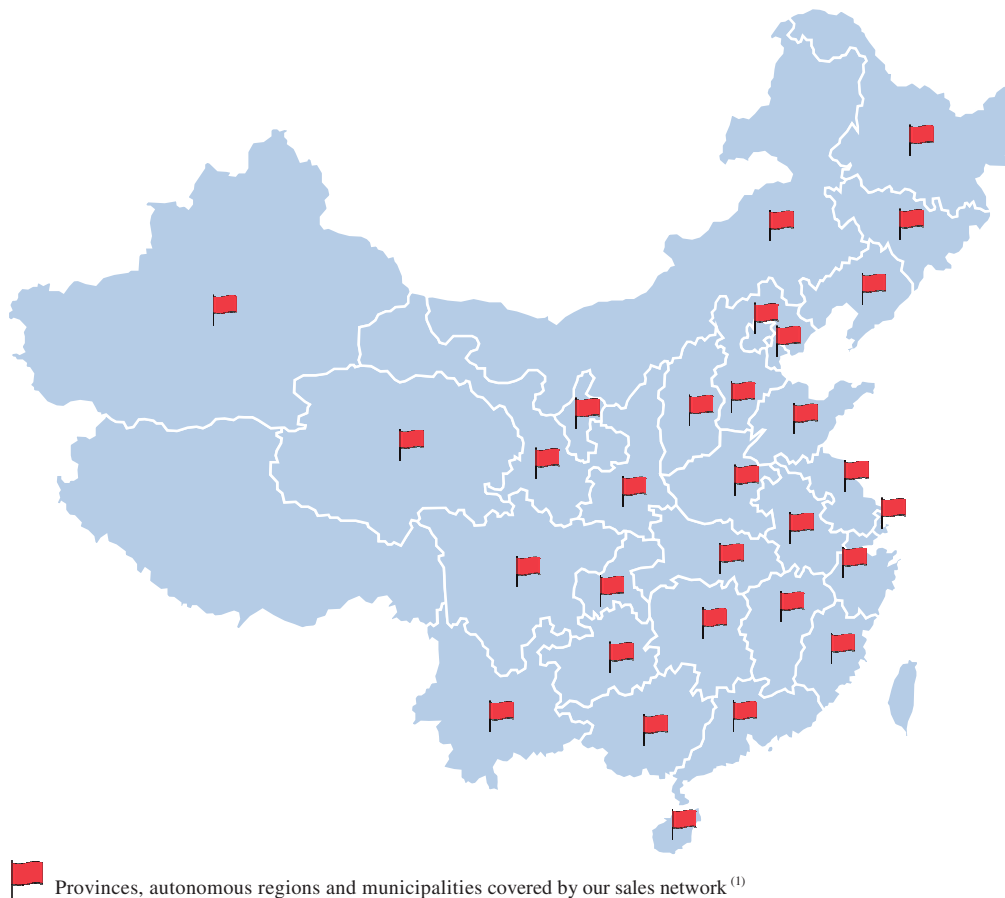
Our regional divisions, which are responsible for implementing regional marketing plans approved by our headquarters, have significant discretion to make independent business decisions and directly

BUSINESS

monitor the operations of our local branches. For example, our regional divisions may formulate competitive tactics, determine the pricing for specific projects within our headquarters’ authorization, approve project contracts, and evaluate, promote, hire and dismiss sales staff.

Our local branches, which are responsible for the marketing objectives set by our headquarters and regional divisions, may implement their own operation measures in accordance with the policies set forth by our headquarters and regional divisions. Each of our local branches generally consists of several sales managers and other sales employees who assist the sales managers. Our sales managers, under the direction of the general manager of the local branch, are directly in charge of project sales. Specifically, sales managers are responsible for monitoring projects, liaising and coordinating with customers, implementing approved competitive tactics for specific projects, organizing project tendering, and evaluating and training sales staff. Other sales staff is responsible for gathering market information and assisting sales managers. We determine our sales staff’s compensation based on their performance, capability and contribution to our revenue and profit in order to effectively motivate our sales team. Through continuing personal training and development, we have been steadily expanding and strengthening our sales team.

The map below shows our sales network in China:



BUSINESS

The map below shows our sales network overseas:



● Countries and regions covered by our sales network⁽¹⁾

Note:

⁽¹⁾ Sales network refers to markets where we had undertaken curtain wall projects as of December 31, 2010.

Marketing Strategies

Our marketing is primarily based on our close relationships and communications with potential customers and professionals in the curtain wall industry and our continuous collection of potential project information. We collect such information through various channels, including assignment of staff to conduct regular search in their respective designated geographic areas, regular visits to existing and potential customers, and monitoring local and industry news. We also collect information through our established long-term information-sharing relationships with participants in the construction industry, such as architecture firms, main contractors, construction supervisors, curtain wall consultants, and construction material suppliers. Moreover, we endeavor to maintain our relationships with all levels of government, such as urban planning authorities and construction authorities, which are another important channel for acquiring information on potential projects. We keep potential project information in our information management system, which we review and update on an ongoing basis. One or two of our sales and marketing personnel keep contact with each potential customer for such projects and closely track any development.

In addition, we have adopted the following ancillary strategies to improve our marketing results:

- **Event and Conference marketing:** We hold product development presentation conferences to promote our curtain wall products and services. We also plan and organize marketing activities in connection with events of significant social impact to attract the attention of media, social groups and potential customers. We participate in trade fairs and exhibitions in China and overseas, which provide us with a platform to collect relevant market information and trends and provide us with the opportunity to meet with potential customers.

BUSINESS

- **Green concept marketing:** With our customers' increasing environmental awareness and demand for green products, we use a series of methods to market our curtain wall products such as the inclusion of environmental protection and sustainable energy-saving features in these products.
- **Public welfare marketing:** We highly prize our social responsibility and actively participate in public welfare activities, such as charity donations. We believe our participation in such activities improves our corporate and brand image.

CUSTOMERS

Our customers are generally the developers and, to a lesser extent, main contractors of property development projects. We have a broad customer base that is distributed in various parts of the world. We maintain long-term relationships with many of our customers, which leads to further business opportunities.

Our largest customer accounted for approximately 3.0%, 5.4% and 3.5% of our revenues for each of the three years ended December 31, 2008, 2009 and 2010, respectively. Our five largest customers together accounted for approximately 11.8%, 15.1% and 9.8% of our revenues for each of the three years ended December 31, 2008, 2009 and 2010, respectively.

None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital, had any interest in any of our five largest customers during the Track Record Period.

Key Terms of Customer Contracts

Generally our contracts contain terms relating to the contract price, the scope of work, the payment terms, retention payments, performance bond requirements and warranty provisions. A summary of the key terms of our contracts in general is set forth below.

- ***Specifications:*** The agreed specifications of the project, such as tightness, noise protection, heat insulation.
- ***Subcontracting:*** Typically, we are not permitted to assign, subcontract or otherwise delegate our obligations under the contract without the main contractor or the property owner's prior written consent.
- ***Payment Terms:*** The contract price typically consists of three parts, namely, the advance payment, progress payment and retention money.
- ***Advance Payments:*** The advance payment is usually made within five to 15 days after the signing of the contract and conditional on our provision of advance payment guarantee letter and the performance bond. For some projects, we may obtain further advance payments before the commencement of the on-site construction work, such as the payments upon the completion of the construction engineering and upon the notice of shipment of our products. The advance payments usually account for around 10% to 30% of the total contract price.

BUSINESS

- **Progress Payments.** After the commencement of the on-site construction work, the payments are typically made based on the actual progress of the work performed. We submit interim payment applications to contractors at the end of each month in respect of the value of the work we have performed, which is usually required to be confirmed and approved by the project's main contractor and supervisor. Our customers will make such progress payments normally in one month after we bill our customers. Usually, within 30 days after the completion of the project, all of the contract price will be paid to us, except that 3% to 5% of the contract price will be held by the contractor as retention money.
- **Retention Monies.** The main contractors will retain, on average, approximately 3% to 5% of the total amount of contract price as the retention money, which usually is released within one to two years after completion of the projects. Within this period, we are required to correct the defects of the work performed, including correct, reconfigure, redesign or re-perform the work or repair, replace or modify the curtain wall provided by us at our own costs to ensure the curtain wall strictly conforms to the terms and conditions of the contract and is free from defects.
- **Performance Bonds.** The main contractor usually requires us to provide performance bonds for our projects to ensure due performance of the contract. Under a performance bond, a bank, an insurance company, a credit insurer or a specialist surety company will guarantee the payment to the property owner or the main contractor of an amount generally equal to 10% of the total contract sum. Such performance bonds are generally released upon the due completion by us of the contracted work or by a certain stipulated date.
- **Completion Terms and Liquidated Damages:** We are required to substantially complete the work within the schedule and to meet each milestone date. In the event of any delay, the contracts usually provide for liquidated damages calculated in accordance with the delayed period of time.
- **Effectiveness:** Our contracts generally take effect as of the date when the contracts are signed and executed.
- **Adjustment of Contract Price:** The contract price is generally not subject to adjustment unless (i) our customer changes its project design, in which case we will re-negotiate the contract price, (ii) our customer causes project delay, in which case we may claim for losses and our construction schedule will be postponed accordingly, or (iii) otherwise provided in the contract.
- **Warranty.** We generally provide our customers with a warranty period of up to 10 years. The warranty periods may differ for different components of our products. We are typically required to make repairs per our customer's request regardless of the cause of the need for repair. The parties who are liable for project defects are generally required to assume the cost for such repairs.
- **Insurance.** We generally participate in our customer's insurance plan or purchase insurance pursuant to our customer's separate request according to the contract. See the section entitled "– Insurance" in this document.

BUSINESS

- **Termination.** In our project contracts with customers, generally there is no termination clause which allows the property developer or main contractor to terminate a project without incurring additional compensation or payment. If the customers want to terminate the contract, they are usually required to make payment for the work we have already performed. In addition, if the customers want to terminate the contract in the absence of any breach by us, the customers are usually also required to reimburse us for the costs of materials and equipment which we left on the site, reasonable travel expenses for our employees, and certain other costs we have incurred for the curtain wall installation.

SUPPLIES AND SUPPLIERS

The principal materials that are used for the fabrication and production of our curtain wall products include aluminum extrusions, glass, steel and sealant. The cost of aluminum extrusions, glass, steel and sealant accounted for 77.1%, 75.9% and 77.1% of our cost of materials for each of the three years ended December 31, 2008, 2009 and 2010, respectively.

Selection and Evaluation of Suppliers

We purchase raw materials from a large number of suppliers we select pursuant to our supplier evaluation system. The factors we consider in selecting suppliers primarily include suppliers' strengths and credibility, quality control system, technology, production capacity, supplying capability, management and product price. Based on our evaluation of suppliers according to the above factors, we compile a list of qualified suppliers every year and further divide our qualified suppliers into categories A, B and C based on the evaluation results. To ensure the high quality and timely completion of our curtain projects, we generally purchase only from qualified suppliers on this list for the year, with category A being our most preferred suppliers and category C being our least preferred suppliers.

In addition, we revise our list of qualified suppliers from time to time according to the feedback we receive on the materials provided by suppliers. We provide support to suppliers in lower categories and promote to higher categories those which make improvements. For example, we provide technology consulting or give purchasing preference to suppliers who we believe have the potential to improve their quality of service. For those suppliers who cannot ensure product quality or breach their supply contract with us, we will lower their categorization or remove them from our list of qualified suppliers. Our goal is to maintain our cost competitiveness while ensuring raw material quality in both the domestic and international markets.

Procurement Policy and Procedure

We implement a centralized procurement policy under which we procure the raw materials for several projects at one time. We believe this centralized procurement policy gives us an advantage in procuring raw materials at a price no higher than that of our competitors. For aluminum extrusions and glass, we generally enter into framework agreements with our suppliers on a yearly basis. Pursuant to such framework agreements and depending on the actual needs of our various projects, we further enter into supplier agreements with our suppliers for identical or similar raw materials required by different projects as one package. For sealant, we implement our centralized procurement policy through our subsidiary which also serves as a sales agent for our major sealant suppliers.

BUSINESS

In order to ensure high efficiency and regulatory compliance of our procurement, we have specifically established the department for procurement supervision, which is responsible for the selection and evaluation of suppliers as well as price negotiation and contract review. We preserve the sample product provided by each supplier for a specific project to be compared with the products provided by such supplier later to monitor quality consistency. In order to implement our procurement policy, we have adopted the following procedures in procurement:

- ***Open tender.*** For raw materials that we generally purchase in large amounts, such as aluminum extrusions and glass, we conduct open tenders among the qualified suppliers who have already entered into framework agreements with us and specify our requirement in the bidding document.
- ***Price comparison.*** For raw materials that we generally purchase in relatively small amounts but whose prices fluctuate significantly, such as steel, we compare the prices of such raw materials quoted by multiple suppliers for the best price value when making procurement.
- ***Procurement from a fixed list of suppliers at fixed price.*** For raw materials that we generally purchase in relatively low amounts and whose prices remain relatively stable, such as sealant and standard parts and components, we procure them from fixed suppliers at fixed price to ensure quality and encourage suppliers to improve their services.

Aluminum Extrusions

We have annual framework agreements, but do not have any minimum purchase commitment, with our suppliers of aluminum extrusions, who are primarily located in China. Such framework agreements generally provide for the maximum selling prices that can be charged by the suppliers. We further use open tender or enter into agreements with suppliers for the exact amount of aluminum extrusions based on our actual need depending on the progress of our projects. The purchase prices of aluminum extrusions are based on (1) the average of the aluminum prices quoted on the Shanghai Futures Exchange ("SHFE") for the month preceding the purchase date; (2) the processing charges according to the technical specifications; and (3) transportation fees.

The average prices of aluminum quoted on the SHFE for each of the three years ended December 31, 2008, 2009 and 2010 were RMB17,026 per ton, RMB13,922 per ton and RMB15,900 per ton, respectively. As of February 28, 2011, the average price of aluminum quoted on the SHFE was RMB16,815 per ton. The chart below illustrates the average prices of aluminum quoted on the SHFE during the Track Record Period through February 28, 2011.

BUSINESS

Price of Aluminum Quoted on Shanghai Futures Exchange (1-month future contract)



Sources: Shanghai Futures Exchange

We purchase aluminum futures contracts through the SHFE to hedge against fluctuations in the price of aluminum. During the tender process, our bidding price for aluminum is generally determined by reference to aluminum's future price at the expected time of project commencement and the bidding price set by our group, whichever is higher. For uncommenced projects, we make hedging arrangements within 30 days after we receive notification that we have won the project. For aluminum extrusions for which we have fixed the purchase price with our suppliers, we may or may not make hedging arrangements, depending upon the circumstances.

In practice, each of our regional divisions makes its planning requirements for aluminum extrusions in the next three to 12 months on a rolling basis according to the projects' construction schedule in its region and submits such planning to our futures team. Our futures team decides on the volume of aluminum futures contracts to be purchased on the basis of the expected total actual volume of aluminum we need to purchase at the maturity of the corresponding aluminum futures contracts according to the requirement of all our curtain wall projects, taking into account the level of aluminum futures prices at the time. One of our executive Directors is designated to make final approvals on whether to hedge and, if so, the hedging volume and price. All our hedging operations are conducted by our futures team. Generally, our hedging volume will not exceed 80% of the corresponding actual volume of aluminum we will purchase. We will close the position of our corresponding aluminum futures contracts when we actually purchase aluminum in the physical market. As a general principle, we will hedge when we expect the aluminum prices to maintain an upward trend; and we will not hedge when we expect the aluminum prices to maintain a downward trend.

Our aluminum extrusion suppliers may also undertake certain processing of the aluminum that we purchase from them, such as oxidation, spray coating and electrophoresis. The processing fees charged by our suppliers are provided in the purchase agreements and are generally not subject to subsequent adjustments.

BUSINESS

The costs of aluminum extrusions for each of the three years ended December 31, 2008, 2009 and 2010 were RMB1,025.5 million, RMB983.0 million and RMB1,442.5 million, respectively. The cost of aluminum extrusions accounted for 38.5%, 34.3% and 37.3% of our cost of materials for each of the three years ended December 31, 2008, 2009 and 2010, respectively.

Glass

We maintain close relationships with our suppliers of glass, who are primarily located in China. Although we also have annual framework agreements with our suppliers, we purchase glass on a project-by-project basis because the types and features of glass required for each project are different. We purchase glass in accordance with the client's specification and take into account the estimated purchase price of glass we submitted in our tenders.

We usually obtain price quotes from glass suppliers when we tender for a project and will purchase glass through open tender after we have been awarded the project. As such, we are generally not subject to significant price fluctuations between the time when we bid for a project and the time when we place orders for glass.

The costs of glass for each of the years ended December 31, 2008, 2009 and 2010 were RMB585.4 million, RMB712.1 million and RMB907.3 million, respectively. The cost of glass represented 22.0%, 24.8% and 23.4%, respectively, of our overall cost of materials for each of the three years ended December 31, 2008, 2009 and 2010, respectively.

Steel

We purchase relatively small amounts of structured steel for our curtain wall projects as compared with our purchase of aluminum extrusions and glass. As the prices of structured steel may fluctuate significantly, we compare the prices of structured steel quoted by multiple suppliers for the best price value when making procurement.

The costs of steel for each of the years ended December 31, 2008, 2009 and 2010 were RMB322.3 million, RMB345.7 million and RMB455.3 million, respectively. The cost of steel accounted for 12.1%, 12.1% and 11.8% of our cost of materials for each of the three years ended December 31, 2008, 2009 and 2010, respectively.

Sealant

We purchase sealant primarily through our subsidiary Shenyang Yuanhai Trading Co., Ltd. (瀋陽遠海貿易有限公司) ("Shenyang Yuanhai") from reputable sealant producers. Shenyang Yuanhai is the entity we established to execute our centralized procurement policy for sealant. The price of sealant, which is one of our major raw materials, is generally stable because Shenyang Yuanhai also serves as sales agent for these sealant producers. As such sales agent, Shenyang Yuanhai has long-term agreement with the sealant producers ranging from one to three years, which provides for the prices during the contract terms.

The costs of sealant for each of the years ended December 31, 2008, 2009 and 2010 were RMB119.4 million, RMB134.5 million and RMB179.1 million, respectively. The costs of sealant represented 4.5%, 4.7% and 4.6% of our cost of materials for each of the three years ended December 31, 2008, 2009 and 2010, respectively.

BUSINESS

Supplier Concentration

We have maintained good relationships with our major suppliers of aluminum extrusions, glass, steel and sealant for more than 10 years. Our largest supplier accounted for approximately 7.8%, 10.3% and 6.7% of our purchase cost of materials for each of the three years ended December 31, 2008, 2009 and 2010, respectively, and our five largest suppliers together accounted for approximately 22.3%, 30.5% and 18.3% of our purchase cost of materials for each of the three years ended December 31, 2008, 2009 and 2010, respectively.

None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital, had any interest in any of our five largest suppliers during the Track Record Period.

INVENTORY MANAGEMENT

We maintain a reasonable minimal inventory level to insure adequate supply and avoid shortage, thus minimizing the total cost of inventory. We communicate our demand forecast with our suppliers and fulfill our orders on time. Furthermore, to manage the risk of temporary supply shortages, we keep a safety stock of five to seven days use of consumables and common raw materials, and 10 to 20 days use of major raw materials. We manage the procurement, storage and dispense of raw materials strictly according to individual projects, material categories, project schedule and production process to optimize our inventory level. We generally ship finished products immediately to work sites.

OUR COOPERATION WITH THIRD PARTIES FOR CURTAIN WALL INSTALLATION

To ensure the quality of the curtain wall projects, we conduct installation primarily by contract workers sourced from labor agencies, which are independent third parties with whom we have a long history of cooperation. We outsource installation services through local subcontractors to conduct curtain wall installation only in countries and regions where we cannot export labor. Our own employees conduct installation work only in case of emergency or for curtain wall maintenance. For the years ended December 31, 2008, 2009 and 2010, we paid a total amount of RMB899.0 million, RMB1,213.8 million and RMB1,609.9 million, respectively, to labor agencies and subcontractors as installation costs.

The contract workers are employees of labor agencies, which are generally responsible for the contract workers' compensation, social insurance and other benefits pursuant to the agreements between the labor agencies and us. We make payment directly to labor agencies rather than the contract workers. The labor agencies dispatch experienced workers to our construction sites, where we conduct further installation training and supervise the whole installation process. Specifically, we require the contract workers to conduct simulation installation and pass our test before they undertake the actual installation work. We evaluate the performance of the workers dispatched by the labor agencies and review our cooperation with these labor agencies on a yearly basis. As of the Latest Practicable Date, we engaged 13 labor agencies, which provided about 14,000 contract workers for the construction of our curtain wall projects.

BUSINESS

Our PRC legal counsel has advised that (i) the agreements we entered into with the labor agencies in China are legal, valid, and binding on the parties to the agreements, and (ii) in the event any labor agency violates the PRC labor laws which result in losses of the contract workers, the labor agency and we will be jointly and severally liable. We have gradually established a long-term business relationship with reputable labor agencies which we believe, based on their track record and our observation, have been in compliance with the relevant PRC laws, including labor laws. In the past, on occasions when contract workers incurred losses as a result of the labor agencies' noncompliance with PRC laws, we would generally make all appropriate compensation to the contract workers. Under the relevant PRC laws, we are entitled to contribution or reimbursement from the labor agencies for their share of the damages. As such, we would then request reimbursement from the labor agencies by offsetting the payment due to them for the relevant project installation work. During the Track Record Period and up to the Latest Practicable Date, we had not had any material disputes with our labor agencies arising from their noncompliance with PRC laws.

For our overseas projects located in countries or regions where we are unable to conduct curtain wall installation by contract workers sourced from our PRC labor agencies due to legal or other restriction, we generally engage local subcontractors to conduct the installation work. Pursuant to our agreement with local subcontractors, we generally make a lump-sum payment for the installation services provided by the subcontractor, who is required to supply a sufficient number of skilled labors to ensure the performance of the installation work. We will designate our representative to supervise all on-site matters to ensure the subcontractor's installation work is carried out and completed in a manner satisfactory to us. Specifically, the subcontractor is required to comply with all directions of our on-site representative, all our safety policies and requirements and all safety requirements of applicable governmental authority.

PROPERTIES

We are headquartered in Shenyang, China. As of February 28, 2011, our production facilities, offices buildings, residential units and other ancillary facilities owned or leased a total site area of approximately 1,437,621 square meters with a total GFA of approximately 744,265 square meters. For further details about our properties, please refer to the property valuation report in "Appendix IV — Property Valuation Report" to this document.

Among the properties owned by us, including properties under construction, the properties with defective titles as of February 28, 2011 account for approximately 6.1% of the site area of our land and 21.3% of the GFA of our buildings or units. The Controlling Shareholders have undertaken steps to procure the title documents for our owned properties with defective titles and, if such title documents could not be obtained, the Controlling Shareholder agreed to indemnify us for all the losses and damages arising from such defective titles. Among the properties leased by us, the properties with defective titles as of February 28, 2011 account for 100% of the site area of our leased land and approximately 80.9% of the GFA of the leased buildings or units. As discussed in more details below, we believe the above defective titles in relation to our leased and owned properties will not result in any material adverse effect on our business and operations because, with respect to such properties that are material to our business and operation, we (i) are in the process of completing the necessary procedures to obtain the relevant title documents, for which there will be no substantial legal impediments as advised by our PRC legal counsel, or (ii) have made relevant plans to relocate to other properties, or (iii) have obtained, or are in the process of obtaining, confirmation from the lessors of the properties or other relevant parties to compensate us for damages resulting from the title defects.

BUSINESS

Owned properties

As of February 28, 2011, we owned 14 parcels of land with a total site area of approximately 1,346,141 square meters and 113 buildings or units with a total GFA of approximately 699,406 square meters. Among these properties, we do not have the relevant title certificates for two parcels of land with an aggregate site area of approximately 82,149 square meters and 24 buildings or units with an aggregate GFA of approximately 103,253 square meters due to various title defects or for other reasons. In addition, among the buildings and units for which we have building title certificates, 23 buildings or units with a total GFA of 45,595 square meters are located on land for which we have not obtained land use rights.

The title defects or other property issues related to our production bases are set out below.

- To expand our capacity in Shanghai, we have recently completed the construction of our new Shanghai production facilities which have a total GFA of approximately 71,503 square meters. We have already obtained land use right certificates for the new production facilities, but have not yet obtained the building ownership certificates due to the lack of certain permissions required for the construction or use of the relevant buildings. In addition, our one buildings in Shenyang Economic and Technological Development Zone with a GFA of approximately 1,820 square meters face similar issues. As the actual construction of these buildings in Shenyang and Shanghai was different from the original plans approved by the relevant authorities, we had to apply to the authorities for approval of the changes to the original plans, which led to the delay in obtaining the building ownership certificates. We are in the process of applying to the relevant authorities in order to complete all the procedures required for the construction and use of the relevant buildings and will apply for the building ownership certificates for the relevant properties upon completion of these procedures.

Under the PRC laws, title defects as described above may be rectified by re-submission of relevant licenses and permits. We believe as long as there is timely submission of the relevant applications subsequent to the construction and use of the land, usually there will be no penalty imposed. Our PRC legal counsel has advised that, after we have submitted the necessary documents for the applications of such licenses and permits to the relevant authorities, and such applications have been approved, there will be no substantial legal impediment to obtaining the outstanding licenses and permits, and that the risks of any additional penalties being imposed in reality is relatively low. We expect to obtain the licenses or permits in relation to the construction plans for the Shanghai and Shenyang production bases in the first half of 2011.

- We have not yet obtained the building title certificate with an aggregate GFA of approximately 4,536 square meters for the properties located at our Chengdu production base. We leased several parcels of collectively owned land of construction use for our Chengdu production base from an independent third party in Chengdu, pursuant to two lease agreements entered into in 1998 and 2004, each of which has a term of 50 years. Under the lease agreements, the lessor has agreed to lease such land to us for the construction of our Chengdu production base, and we will own all the properties we build on such land. We started construction of production facilities on such land in 1999, and our workshops on the land now have a total GFA of approximately 11,904 square meters. The value of the buildings built on the land at our production base is estimated to be approximately RMB13.8 million. Since such buildings are constructed on collectively owned land, it is impossible for us to obtain either the building title certificates or the relevant land use rights under the PRC laws. Since we have not obtained the underlying land use rights, the use of the above

BUSINESS

properties may not be recognized or protected under the PRC laws. As a result, such properties may be subject to claims of third parties which could lead to repossession of such properties. However the lessor has confirmed in a letter dated December 3, 2010 that the lessor had the right to lease the land, and both parties to the lease agreements had been in compliance with the agreements and our rights to the land and buildings had not been challenged by any government authority or third party. As we intend to expand our production capacity in Chengdu, we plan to acquire a new piece of land for the construction of a new production facility, which is expected to complete by May 2013. We plan to relocate to such new production facility upon its completion and, in such an event, the lease agreements of the current production facility will be terminated accordingly. We are already in the process of negotiating the land grant contract with local government for the new Chengdu production base. If we are compelled to relocate our operations in the Chengdu production base due to the title defects, the relocation of our Chengdu properties is expected to take approximately three months and cost approximately RMB15 million.

- We started our operations in Shenyang in the original production base located in Dongling district, Shenyang and then moved our operation to the current production base located in the Shenyang Economic and Technological Development Zone. We currently do not have relevant title certificates for four buildings in Dongling district with an aggregate GFA of approximately 10,393 square meters due to various reasons. For another nine buildings in Dongling district with an aggregate GFA of approximately 37,380 square meters, we do not hold the land use rights of the land where such properties are located. However, we currently do not have any operation or production on such properties in the Dongling district, and we plan to dispose all of our properties in the Dongling district in the near future. Our Directors are of the view that the lack of the relevant title certificates will not have any material impact on our operations.

We acquired Shenyang Yuanda Electrical Installing Co., Ltd. (瀋陽遠大機電安裝有限公司) from our Yuanda Group in November 2010. Currently, four buildings occupied by Shenyang Yuanda Installing Co., Ltd. in the Shenyang Economic and Technological Development Zone with an aggregate GFA of approximately 14,368 square meters, which are primarily used for production purposes, do not have relevant building ownership certificates. However, we are in the process of applying to the relevant authorities in order to complete all the procedures required for the application of building ownership certificates, which we expect to obtain by October 2011.

Properties under construction

As of February 28, 2011, we had three buildings under construction, occupying a total site area of approximately 85,601 square meters with an estimated total aggregate GFA of approximately 48,035 square meters upon completion. We intend to use these properties for the production of curtain walls and glass respectively. We currently do not have the land use rights certificates and the relevant permissions required for the construction for these properties, but we are in the process of applying for such certificates and permits.

These properties under construction are located in Shenyang and Anshan. For the new buildings located in Shenyang, which have an estimated total GFA of 37,035 square meters and occupy a total site area of 30,118 square meters, as we were unable to reach an agreement with the relevant governmental authorities on certain expenses, the processing of our application for the relevant permits licenses was previously delayed. We have subsequently resolved the expenses-related issue and obtained the relevant land use rights certificate. We are currently making arrangements to obtain the relevant construction permits and licenses in order to complete all the necessary procedures.

BUSINESS

The new buildings located in Anshan have an estimated total GFA of 11,000 square meters and occupy a total site area of 55,482 square meters. The underlying land, which we plan to acquire, is one of the several parcels of land to be auctioned by the relevant governmental authorities as one batch. As one of the buyers of the respective parcels of land, we have to comply with the relevant procedures prescribed by such governmental authorities and coordinate with the other buyers to obtain the relevant land use rights. Since it takes time for the governmental authorities to arrange the auctions with a number of different buyers, the entire process has been delayed, and the completion of the land auction is subject to the relevant governmental authorities restarting the process. Therefore, we have been unable to obtain the relevant land use rights or the other requisite licenses for the construction of buildings on the underlying land. Once the relevant governmental authorities restart the auction process, we will immediately proceed to apply for the relevant land use rights and complete the other necessary procedures.

Leased properties

As of February 28, 2011, we leased five parcels of land with a site area of approximately 90,740 square meters and 14 buildings or units with a total GFA of approximately 12,677 square meters in China for residential, production and office purposes. For the buildings or units leased in China, according to the opinion given by our PRC legal counsel, Jingtian & Gongcheng, the relevant lessors have provided title certificates from the property owners under six lease agreements. These lease agreements involve five buildings or units, representing a total GFA of approximately 2,000 square meters. For the leased buildings or units with defective legal title or without consent from property owners, we are requesting the lessors of nine leased buildings or units with an aggregate GFA of approximately 10,442 square meters to provide confirmation letters to compensate us for losses arising from their defective legal title, and we have already received three confirmation letters for three leased buildings. For the land we leased in China, the lessor has not obtained land use rights. We are also requesting the lessor to provide a similar confirmation letter. While not all of our lease agreements in China have been registered with the relevant authorities, our PRC legal counsel has advised us that the absence of such registration does not affect the validity of such lease agreements in China.

As of February 28, 2011, we leased one parcel of land with a site area of approximately 740 square meters and 57 buildings or units with a total GFA of approximately 32,181 square meters outside China for residential, warehouse and office purposes. Among these leased properties, 18 buildings or units with a total GFA of approximately 6,226 square meters were leased from lessors who were not able to provide the title certificates or documents evidencing the authorization or consent of the owners of such properties.

In addition, among the leased properties, our lease agreements for a parcel of land with a site area of approximately 7,333 square metres and 10 buildings and units with an aggregate GFA of approximately 1,592 square meters have expired and are in the process of being renewed.

We are of the view that all of our leased properties in or outside China can, if necessary, be replaced by other comparable alternative premises without material adverse effect on our operations and material additional cost.

BUSINESS

INTELLECTUAL PROPERTY

We had registered 58 patents in China or overseas as of the Latest Practicable Date. We have applied to register additional patents in China in order to protect the intellectual property relating to our products and our installation methods. We have also registered our trademarks in a number of countries and regions to protect our brand name. For additional information, please refer to the section entitled “Statutory and General Information – B. Information about the Business – Intellectual property rights of the Group” in Appendix VII to this document.

COMPETITION

We compete with curtain wall providers both in China and overseas. The curtain wall industry is a highly specialized industry with several key players in the world. Factors that customers are likely to consider before engaging curtain wall subcontractors include reputation, track record, quality of design, services and products, efficiency and timeliness in completing the project, and the prices quoted.

We believe we have successfully established our market leading position with our diversified product portfolio, extensive sales network and well-developed service system, strong research, development and design capabilities, renowned brand name and track record of completing some of the most sophisticated, high-tech and large-scale curtain wall projects around the world.

Compared to our competitors in China who generally share the same advantage of low cost of raw materials and labor, we believe we are able to provide products of higher quality and more advanced technology at similar cost and price level, relying on our strong research, development and design capabilities, particularly for public infrastructure and commercial buildings.

With one of the largest research, development and design teams in the world and our comprehensive product offering, we believe we are able to provide quality products and services that meet international standards and compete effectively with leading global curtain wall producers. In addition, we believe we also enjoy pricing advantages over some of our competitors overseas, primarily due to our cost advantages in raw materials and labor.

INSURANCE

We maintain property all-risks insurance, including earthquake insurance, for our production bases and other assets in China. We also maintain public liability insurance as well as employer liability insurance in addition to the mandatory work-related injury insurance for our employees in China. For our contract workers, the relevant labor agency maintains, pursuant to the labor agency agreement, employer’s liability insurance to cover accidental injuries for the on-site contract workers outsourced from the labor agency.

For our employees in China dispatched overseas, we maintain PRC employer liability insurance and other insurances customarily carried by similar employers depending on local circumstances. For our overseas employees, we maintain insurance pursuant to relevant employment contracts. For our overseas projects, we usually participate in our customers’ insurance plans, which generally include all-risk and third-party liability insurance. Such insurance policies, which are typically purchased by main contractors, generally cover the entire contract period. We also purchase insurance pursuant to our customers’ separate request, if any, and according to the circumstances of local markets.

BUSINESS

The main contractors or the property owners of a construction project usually obtain the construction project all-risks insurance for the overall construction project, which covers our curtain wall construction work. The construction project all-risks insurance typically covers the damages of equipment, materials and other on-site properties and the third-party liability insurance. The insurance period is from commencement of the construction or arrival of the materials or equipment to the receipt of the completion and inspection certificate of the project or the occupancy or the acceptance and use of the properties.

We believe that our insurance coverage is consistent with industry and regional practice and adequate and appropriate for our operations. For risks related to our insurance, please see the section entitled “Risk Factors — Risks Relating to Our Business — 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” in this document.

As of the Latest Practicable Date, no incident had occurred as a result of which we would have had to make any significant claims under these insurance policies.

ENVIRONMENTAL MATTERS

We are subject to the environmental laws and regulations of the jurisdictions in which we operate. As our production processes generate noise, waste water and other industrial wastes, we have implemented procedures to treat waste and control noise in our PRC production facilities to comply with applicable PRC laws and regulations:

- **Waste Water Control:** Waste water generated from our spraying process is gathered and reused in our spraying process in a closed loop after flotation, flocculation, sedimentation and other procedures. We also generate waste water during material pre-treatment in our production. Such waste water is discharged into municipal sewage processing plant after flocculation, sedimentation, sand filtration, carbon filtration and other procedures.
- **Dust Control:** For dust generated during our sealant processing, we use filters to control and recover dust. For dust generated during our spraying process, we have adopted both filter method and cyclone method to control and recover dust.
- **Noise Control:** We adopted various measures to control the noise generated from our production process, including implementation of shock absorption, appropriate design of factory layout, and cultivation of plants at our production facilities.

We believe the volume of the wastes we discharge is relatively minor and does not have a material impact on the surrounding environment. During the years ended December 31, 2008, 2009 and 2010, we incurred compliance costs related to environmental rules and regulations applicable to us in an amount of RMB0.5 million, RMB0.2 million and RMB0.8 million, respectively, for disposal of wastes and pollutants and related personnel management fees. We expect to incur annual compliance cost of approximately RMB1.0 million for the next three years for disposal of wastes and pollutants and related personnel management fees. For a summary of the PRC environmental laws and regulations, please refer to the section entitled “Summary of Principal PRC Laws and Regulations – Laws and Regulations Relating to Environment and Safety Issues – Environmental Law” in Appendix V to this document.

BUSINESS

We place great importance on compliance with applicable foreign laws and regulations. As we plan to establish production facilities overseas, we will ensure our operation at such production facilities will comply with applicable local laws and regulations.

Our Directors, as advised by our PRC legal counsel based on the confirmations issued by the relevant governmental authorities, have confirmed that we had no violations of applicable environmental laws and regulations during the Track Record Period which are likely to have a material adverse impact on the ordinary course of our business. During the same period, we had not received any material claims against us involving non-compliance with any applicable environmental laws or regulations.

LABOR, HEALTH AND SAFETY MATTERS

We are subject to laws and regulations relating to labor, health and safety of the jurisdictions in which we operate. For a summary of the PRC labor, health and safety laws and regulations, please refer to the section entitled “Summary of Principal PRC Laws and Regulations — Laws and Regulations Relating to Environment and Safety Issues — Labor and Safety Law” in Appendix V to this document. In order to comply with local safety regulations, we always contact the relevant safety authorities before commencing our projects to understand the local safety requirements. We place great emphasis on safety and the avoidance of accidents on construction sites, in relation to which we have established systematic policies, measures and procedures to prevent a wide range of potential hazards. We have implemented safety policies, measures and procedures on our construction sites as follows:

- For every curtain wall project, we have at least one on-site quality and safety controller responsible for daily supervision of project quality and safety; our regional divisions send quality and safety inspectors to inspect each project in their respective regions on a regular basis; and our headquarters also conducts random inspection on our projects;
- We generally require every on-site worker, regardless of whether he is our own employee or a contract worker, to attend at least 40 hours of safety training programs, pass safety test and sign an agreement to comply with safety procedures before conducting installation work on site;
- We hold weekly and monthly meetings to review safety issues and find solutions for safe construction;
- On-site safety manuals are provided to on-site workers and regular safety interviews are arranged for on-site workers to increase their safety awareness;
- We conduct regular inspections on the safety measures for fire prevention, power utilization, and equipment usage;
- We strictly enforce the penalty mechanism which we have established for safe construction to promote accountability for any accident; and
- We have set up emergency plans as guidelines for safely and effectively reacting to various emergencies.

BUSINESS

Moreover, prior to the commencement of any project, our project management team will conduct safety evaluation with respect to every construction item of the project and formulate an outline of management plan for safe construction. During the construction of a project, our project management team will further formulate detailed plans in advance according to the specific construction features and construction method of the project, covering the safe operation and inspection of every construction step. Prior to its implementation, such management must be evaluated and approved by our safety management department. Our safety department regularly reviews the new safety procedures in the management plans for safe construction with respect to different projects and incorporates such new procedures into our general safety and quality procedures for broad implementation. We strictly apply the relevant safety requirements and our internal policies and procedures to ensure safety on construction sites.

During the Track Record Period and up to the Latest Practicable Date, there were a total of 14 fatalities that occurred in connection with the construction of our curtain wall projects. Among these 14 fatalities, 13 were caused by our on-site workers' violation of safety procedures and one was caused by an on-site worker's heart attack which led to a fatal fall. None of these accidents led to litigation claims and two of them led to administrative penalties by the relevant governmental authorities. Specifically:

- We received a verbal warning from the safety monitoring authority in Shanghai due to a falling accident in July 2009 that led to one fatality, which was caused by the on-site worker's violation of safety procedures. The verbal warning, which was issued in August 2009 and recorded with the safety monitoring authority, urged us to enhance our on-site safety.
- We were suspended from participating in the tendering process in Beijing for one month and paid a fine of RMB130,000 due to another falling accident in May 2010 that led to one fatality, which was also caused by the on-site worker's violation of safety procedures. As we were in charge of the training, supervision and management of the on-site workers, the relevant authority held us responsible for these workers' safety management. As such, the authority imposed the penalty of suspension pursuant to relevant safety rules. We have made full payment of the fine and resumed our participation in the tendering process in Beijing after the one-month suspension.

The above warning and suspension did not result in any substantive impact on our business and results of operations. In addition, both the warning and the suspension were one-off events and we are no longer subject to the suspension from participating in the tendering process in Beijing. As such, our PRC legal counsel is of the view that, given that the warning was a one-off event and the Company is no longer subject to the suspension, such warning and suspension will not result in any material adverse effect on our business and results of operations.

The workers involved in the above accidents were all sourced from labor agencies, which are independent legal entities. We have purchased insurance covering all these accidents. In each fatality that occurred during the Track Record Period and up to the Latest Practicable Date, we made a payment as death benefit in an amount between RMB200,000 to RMB500,000. These accidents have not had a material adverse effect on our business or results of operation.

BUSINESS

In order to prevent the recurrence of similar accidents, we conducted analysis of these accidents after their occurrences. Organized by our safety personnel, our analysis focused on identifying the causes of the incidents, the deficiency in our existing safety procedures that led to the incident, and potential measures that would prevent the recurrence of similar incidents in the future. Based on such analysis, we have been continuously improving our safety policies, measures and procedures on our construction sites as disclosed above. In particular, we have enhanced the training and education for our on-site workers, during which we identify potential on-site risks, stress the importance of on-site safety, and reinforce in them our required measures for personal safety. In light of the safety policies, measures and procedures we have taken on our construction sites, our Directors believe that our existing safety measures are adequate.

Due to the nature of our operations, our employees or contract workers may be involved in accidents resulting in casualties from time to time. During the Track Record Period through the Latest Practicable Date, we had not incurred any material liabilities as a result of any accidents involving our employees or contract workers. Our Directors have confirmed that we had no material violations of applicable labor, health and safety laws and regulations during the Track Record Period and up to the Latest Practicable Date except for certain safety violation for which we received administrative penalties as disclosed in the section entitled “Business – Labor, Health and Safety Matters” in this document. During the same period, we had not received any material claims against us relating to labor, health and safety issues.

We maintain mandatory social security insurance policies for our employees in China pursuant to PRC laws. We make contributions to mandatory social security funds for our employees to provide for pension, medical, work-related injury, maternity and unemployment and housing benefits. Our Directors have confirmed that we made all requisite contributions to mandatory social security funds for our domestic employees during the Track Record Period. We also maintain mandatory insurance policies for our overseas employees in accordance with local laws and regulations.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

As described below, we are currently involved in certain material legal proceedings in the ordinary course of our business, and one of our employees is currently involved in an investigation.

India

We currently have an arbitration pending before the Arbitral Tribunal in New Delhi in India. The arbitration arose out of the curtain wall project we undertook for the development of Delhi International Airport in April 2008. In June 2008, we entered into a subcontract with Alupro Building Systems Pvt. Ltd. (“**Alupro**”). Under the subcontract, we subcontracted all the work contracted to us by the main contractor to Alupro except for the design and supply of unitized curtain walls, including the installation of curtain walls. However, Alupro failed to meet not only the project’s quality requirement but also the project schedules. As a result, we had to rectify Alupro’s work and sustained other damages resulting from its delayed and defective work.

Alupro has initiated arbitration proceedings against us for various damages, including (i) a claim for outstanding payments and its share of profits in an amount of approximately 962.8 million Indian Rupees (approximately RMB141.4 million), (ii) a claim for cost of materials lying on-site in an amount of 50 million Indian Rupees (approximately RMB7.3 million), with 12% interest, (iii) a claim for

BUSINESS

damages related to delay in commencing work in an amount of 198 million Indian Rupees (approximately RMB29.1 million), with 12% interest, and (iv) a claim for loss of reputation in an amount of 200 million Indian Rupees (approximately RMB29.4 million). We have denied all such claims and made a counterclaim in a total amount of approximately 800.6 million Indian Rupees (approximately RMB117.6 million) for the damages we sustained as a result of Alupro's delayed and defective work. Based on our local legal counsel's advice, our Directors believe that we have a strong case in the arbitration and, therefore, no provision has been made for the related claims. 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. The arbitration proceedings are expected to complete by November 2011.

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 entered into a subcontract with North American Curtainwall, LLC ("NAC") for installation of curtain walls. NAC 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 made a claim against us for unpaid contract price and adjustment in an amount of approximately US\$2.0 million (approximately RMB13.1 million) in December 2009 and sued us in the Superior Court of Washington for King County in September 2010. As NAC had also filed liens against the project, we have posted a lien release bond in an amount of approximately US\$0.8 million (approximately RMB5.2 million) pursuant to local laws.

In October 2010, we filed for arbitration proceedings against NAC to recover approximately US\$1.8 million (approximately RMB11.8 million) for damages we incurred as a result of completing NAC's remaining work, repairing damage to curtain wall units caused by NAC, paying NAC's unpaid suppliers, subcontractors and trade unions and for other damages caused by NAC. In response, NAC filed a counterclaim in the arbitration for the same amount as they had asserted in their initial claim against us, alleging our failure to follow certain crating and sequencing procedures during shipping, additional paint repairs required as a result of our method of shipping and crating, and added caulking work due to our increased caulking requirements. As a result of the arbitration filed by us, all activities in the lawsuit filed by NAC will be stayed pending the conclusion of the arbitration. Based on our local legal counsel's advice, our Directors believe that we have a strong case in the arbitration and, therefore, no provision has been made for the related claims. 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.

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, which is for a period of five years, we found Al

BUSINESS

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 building for progress, 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 made counterclaims against Al Jawad. Based on our local legal counsel's advice, our Directors believe that we have a strong case in both our defense and counterclaim in the proceedings and, therefore, no provision has been made for the related claims. This lawsuit is currently pending before the court of first instance in Kuwait. We expect it will take approximately one year for the local court to issue its final judgment, subject to further appellate procedures, if any.

Germany

We initiated a lawsuit that arose out of a curtain wall project we undertook in Wiesbaden, Germany pursuant to the contract we entered 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 problems, we and BB entered into a supplement to our contract for BB to provide us with further supporting services on our costs and adjusted the initial contract price. However, we have been unable to reach a final agreement with BB on the amount of our final invoice. As a result, we sued BB in Wiesbaden in June 2010 for 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, on the basis that, among others, the costs of BB's supporting services should be capped at the amount agreed in the contract supplement. BB, however, claimed that, among others, the costs of its supporting services exceeded the amounts as agreed in the contract supplement and the amounts provided in the contract supplement were not capped costs in connection with BB's supporting services. Accordingly, BB has made a counterclaim in an amount of approximately 6.1 million Euros (approximately RMB57.8 million) primarily for supporting services.

Based on our local legal counsel's advice, our Directors believe that we have a strong case in the proceedings and, therefore, no provision has been made for the related claims. This lawsuit is currently pending before the district court of Wiesbaden in Germany. We expect it may take a number of years before the local court reaches a final decision on the proceedings, subject to further appellate procedures, if any.

Except as disclosed above, as of the Latest Practicable Date, we were also involved in 36 other legal proceedings, including 31 in China and four overseas, in respect of our curtain wall business. Among the 31 proceedings in China, we were a defendant in two proceedings and a plaintiff in the other 29 proceedings. Among the four proceedings overseas, we were a defendant in one proceeding and a plaintiff in two proceedings, and the other proceeding is an anti-dumping investigation conducted by the

BUSINESS

U.S. Department of Commerce on the aluminum extrusions imported from China. However, our Directors consider the claim amounts involved in these legal proceedings to be insignificant to us, both individually and in aggregate. As of the Latest Practicable Date, the total expected monetary compensation arising from these legal proceedings, if we were found liable, may amount to approximately RMB4.5 million in China and approximately RMB1.6 million overseas, which were the total amounts of compensation claimed by the parties who were suing us as defendant in these proceedings. In the event we are found to have breached any anti-dumping regulation pursuant to the anti-dumping investigation, we may be subject to antidumping and countervailing duties. Our Directors do not believe it is probable that the courts, arbitrators or other relevant authorities will find against us on, and we have not made provisions for, these remaining legal proceedings. In particular, with respect to the anti-dumping investigation, the U.S. Department of Commerce has issued a final determination in April 2011, which states that finished products containing aluminum extrusions as parts are excluded from the scope of the investigation. Such final determination is subject to further review by the U.S. International Trade Commission. As we export finished curtain wall products containing aluminum extrusions as parts, rather than only aluminum extrusions, to the United States for use in our projects, our Directors believe it is not probable that we will be subject to countervailing duties as a result of such investigation.

Our Directors do not believe we have quality control problems for our projects in light of the above material and immaterial lawsuits or arbitrations involving us. Specifically, each of the four material litigations disclosed above arose from its specific context and was not a result of our quality control problem. The immaterial litigations and arbitrations involving us are generally contract disputes in our ordinary course of business.

Investigation against an employee

In March 2010, Li Dawei, the manager of the Guangzhou Branch of Shenyang Yuanda, together with three employees of the Yuanda Group, were involved in an investigation on suspected bribery, infringement of commercial secrets and unfair competition offences (the "Investigation") in Beijing. The accusation of suspected bribery was soon dropped against the four individuals after the commencement of the Investigation. Li Dawei was accused of providing through his own fund and on his own accord monetary benefits in an aggregate amount of approximately RMB50,000 with the assistance of an employee of the Yuanda Group to an employee of a competitor for certain information in relation to two projects in Guangzhou and Shenzhen, respectively. As confirmed by Li Dawei, the information he obtained in the process was of little value and has not been used for the projects of our Company. Our Directors confirmed that we had never obtained and/or used directly or indirectly the relevant information from Li Dawei and the employee of the Yuanda Group, and our Company was not aware that Li Dawei and the employee of the Yuanda Group had obtained the relevant information from an employee of the competitor until after the commencement of the Investigation. We won the contract in Guangzhou independent of the information obtained by Li Dawei and our Company did not rely on or benefit from any such information in any way whatsoever.

The other two employees of Yuanda Group were accused of (i) in the case of one employee for providing through his own fund and on his own accord monetary benefits, meals and gifts in an aggregate amount of approximately RMB100,000 to an employee of a competitor to induce him to join the Yuanda Group, and (ii) in the case of another employee for providing through his own fund and on his own accord meals and gifts in an aggregate amount of approximately RMB30,000 to an employee of a competitor during a recruitment exercise. In each case, the relevant employee of the competitor involved, who was given monetary benefits, meals and gifts (as appropriate) as inducement, did not join the Yuanda Group.

BUSINESS

The Investigation has not progressed beyond the investigation stage to any formal prosecution. After initial investigations, Li Dawei and the three employees of the Yuanda Group were released from custody due to insufficient evidence and placed on bail review in October 2010. As advised by Liaoning Jingheng Law Firm, the PRC legal counsel to Li Dawei and the three accused persons, “bail review” under PRC law either means that (i) there is insufficient evidence to prove the case, and the accused person may be detained for a period of time although there is not enough evidence for him to be found guilty, or (ii) the case involves a minor offence and no actual punishment was imposed, such that it may be possible for the accused person be exempted from any criminal punishment or detention. After a year has elapsed from the commencement of the bail review, the accused person can apply for final dismissal of the case with full acquittal. As advised by Liaoning Jingheng Law Firm, the maximum penalty for the unfair competition offence is imprisonment of 3 years. As at the Latest Practicable Date, no charges have been brought against any of Li Dawei and the other accused persons, our Group and its employees, any directors of our Group, including Mr. Kang, as the legal representative of Shenyang Yuanda. Liaoning Jingheng Law Firm further advised that the Investigation is not related to our Company, any directors of the Group (including Mr. Kang), and that the Investigation would not adversely affect the operation and financial positions of our Company regardless of its outcome. Liaoning Jingheng Law Firm also confirmed that no legal proceedings had ever been initiated by the competitor against the Company or any directors of the Group in relation to the Investigation.

Mr. Kang has provided a statutory declaration confirming that (a) he (and his associates) and the Group and its employees had not paid any money directly or indirectly to the competitor and/or its employees in relation to the Investigation; (b) the actions of Li Dawei and the three accused persons were not initiated or instructed by the Company or its senior management; and (c) the Company had never obtained and/or used the relevant information obtained by Li Dawei and the three accused persons. Each of Li Dawei and the three accused persons has confirmed that (a) they undertook the actions on their own accord without the Group’s instructions with a view to enhance their personal performances so as to increase their chances of promotion within the Group or the Yuanda Group; and (b) the relevant payments were made from their personal funds.

In light of the Investigation, in order to prevent further occurrence of similar incidents, we have conducted corporate governance training for our Directors and employees, placing greater emphasis on the requirement to comply with laws and regulations. In principle, our Company disallows any kind of bribery, infringement of commercial secrets and unfair competition (the “Improper Conduct”) in its business operations, whether direct or indirect. We have the following existing measures in place:

- the Company has robust policies and procedures in place in the sales and treasury processes governing the payment or reimbursement of selling expenses. Such controls provide reasonable assurance to management that no fund of the Company is used for making bribe or payment which could affect or perceived to affect the outcome of business transactions.
- the Company has a whistle-blower program in place which allows its employees to report suspected Improper Conduct to the management team of the Company through various channels. Upon the set up of audit committee of the Company, cases reported through the whistle-blower program to management will be periodically summarized and reported to the audit committee which will oversee the investigation of allegations.

BUSINESS

To strengthen our anti-Improper Conduct controls to our employees, we have recently modified our employee handbook to clarify to the employees that, in addition to accepting advantages, they are also prohibited from offering or giving advantages as inducement for an action which is illegal or in breach of trust. Moreover, our Company has planned to perform the following to raise the ethical standard and awareness of management and employees, and to proactively promote our anti-Improper Conduct measures:

- distribute the revised employee handbook to all employees;
- doing through the code of conduct with new hires during the on-board training to ensure that the employees understand the code;
- conduct periodic anti-Improper Conduct awareness training for Directors and managers;
- engage professionals to conduct periodic review of the Company’s anti-Improper Conduct measures and to hold training and refresher course for our Directors and employees;
- introduce a written policy on disciplinary action that the Company may take against any employee found to have been engaged in Improper Conduct; and
- introduce a rotation system whereby key mid-level management staff are periodically rotated to different posts within the Group in order to promote independence and accountability.

In addition, the Company’s internal audit function will further consider the potential occurrence of Improper Conduct during the annual planning of internal audit activities and evaluate the effectiveness of the organization’s key internal controls in mitigating identified Improper Conduct risks at least annually.

REGULATORY COMPLIANCE

Our Directors, as advised by our legal counsel, have confirmed that during the Track Record Period and through the Latest Practicable Date, we have complied with all applicable laws and regulations in all material respects, including obtaining all material permits and licenses required for our business, in the jurisdictions in which we operate, except for:

- the property title defects as disclosed in the sections entitled “Risk Factors – 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” and “Business – Properties” in this document;
- certain safety violation for which we received administrative penalties as disclosed in the section entitled “Business – Labor, Health and Safety Matters” in this document; and
- the expiry of our Certification of Qualified High-Tech Enterprise (《高新技術企業證書》) in relation to Shenyang Yuanda. Since we have not received any preferential tax treatment in reliance on such Certification of Qualified High-Tech Enterprise, its expiry has no tax impact on our business operations. As the Certification of Qualified High-tech Enterprise is

BUSINESS

not a necessary requirement for our business operations, we currently are not applying for its renewal. Our PRC legal counsel and our Directors are of the view that the current expiry of the above certification will not have any material adverse effect on our business and operations. In addition, the People’s Republic of China Organization Code Certificate (《中華人民共和國組織機構代碼證》) in relation to another one of our branch offices is due to expire shortly. Our PRC legal counsel has advised that there is no substantial legal impediment for us to renew the above certificate that is due to expire shortly.