



Manta Holdings Company Limited

敏達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 936

*PLACING AND
PUBLIC OFFER*

Sponsor

ALTUS CAPITAL LIMITED

Bookrunner and Lead Manager



結好證券有限公司
GET NICE SECURITIES LIMITED



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



Manta Holdings Company Limited

敏達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

PLACING AND PUBLIC OFFER

- Number of Offer Shares : 50,000,000 Shares (subject to the Offer Size Adjustment Option)
- Number of Placing Shares : 45,000,000 Shares (subject to adjustment and the Offer Size Adjustment Option)
- Number of Public Offer Shares : 5,000,000 Shares (subject to adjustment)
- Offer Price : HK\$1.00 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, payable in full on application and subject to refund
- Nominal value : HK\$0.01 each
- Stock Code : 936

Sponsor

ALTUS CAPITAL LIMITED

Bookrunner and Lead Manager



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix VI, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Applicants for Public Offer Shares are required to pay, on application, the Offer Price of HK\$1.00 for each Public Offer Share together with brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, subject to refund. An announcement of level of indication of interest in the Placing, the level of applications and the basis of allocation of the Public Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before Friday, 16 July 2010 and on the Company's website at www.mantagroup.com.hk and the website of the Stock Exchange of Hong Kong Limited at www.hkex.com.hk. Pursuant to the Underwriting Agreement, the Lead Manager, on behalf of the Underwriter, has the right in certain circumstances to terminate the obligations of the Underwriter pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the date when dealings in the Shares are due to commence on the Stock Exchange (such first dealing date is currently expected to be Monday, 19 July 2010). Further details of the grounds are set out in the section headed "Underwriting — Grounds for termination" in this prospectus.

EXPECTED TIMETABLE

The Company will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Company website at www.mantagroup.com.hk and the website of the Stock Exchange at www.hkex.com.hk if there is any change in the following expected timetable of the Public Offer. All times and dates stated below refer to Hong Kong times and dates. Details of structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed “Structure of the Share Offer” in this prospectus.

2010

Application lists open ^(Note 1)	11:45 a.m. on Friday, 9 July	
Latest time for lodging WHITE and YELLOW		
Application Forms	12:00 noon on Friday, 9 July	
Latest time to give electronic application instructions		
to HKSCC ^(Note 2)	12:00 noon on Friday, 9 July	
Application lists close ^(Note 1)	12:00 noon on Friday, 9 July	
Announcement of the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares to be published in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Company website at www.mantagroup.com.hk and the website of the Stock Exchange at www.hkex.com.hk on or before		Friday, 16 July
Announcement of results of allocations in the Public Offer (with successful applicants’ identification document numbers, where appropriate) to be available through a variety of channels (see paragraph headed “How to apply for the Public Offer Shares — Publication of Results”) in this prospectus on or before		Friday, 16 July
Despatch of share certificates and refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer on or before ^{(Note 3) (Note 4) (Note 5)} and ^(Note 6)		Friday, 16 July
Dealings in the Shares on the Stock Exchange expected to commence		9:30 a.m. on Monday, 19 July

Notes:

- (1) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 9 July 2010, the application lists will not open or close on that day. Further information is set out in the paragraph headed “How to apply for the Public Offer Shares — When to apply for the Public Offer Shares — Effect of bad weather on the opening of the application lists of the Share Offer” in this prospectus. If the application lists do not open or close on Friday, 9 July 2010, the dates mentioned in this section headed “Expected timetable” may be affected. A press announcement will be made by the Company in such event.

EXPECTED TIMETABLE

- (2) Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to apply for the Public Offer Shares — Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
- (3) Share certificates will only become valid certificates of title at 8:00 a.m. on Monday, 19 July 2010, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination in the Underwriting Agreement has not been exercised by the Lead Manager (on behalf of the Underwriter) in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.
- (4) Refund cheques will be issued in respect of wholly or partially unsuccessful applications. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.
- (5) Applicants who have applied on **WHITE** Application Forms for 1,000,000 Shares or more under the Public Offer and have indicated in their applications that they wish to collect refund cheques (where applicable) and share certificates (where applicable) in person, may do so and collect their share certificates and/or refund cheques from the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 16 July 2010. Evidence of identity and/or authorisation documents acceptable to Tricor Investor Services Limited must be produced at the time of collection.
- (6) Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques (where applicable) in person may collect their refund cheques but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Shares is the same as that for **WHITE** Application Form applicants. Share certificates and refund cheques not collected within the time specified for collection will be despatched by ordinary post (at the applicants’ own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed “How to apply for the Public Offer Shares” in this prospectus. For details of the Structure of the Share Offer, including its conditions, please refer to the section headed “Structure of the Share Offer”.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Offer Shares are offered for subscription solely on the basis of the information contained and the representation made in this prospectus and the Application Forms, and on the terms and subject to the conditions set out herein and therein. The Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by the Company, the Lead Manager, the Sponsor, the Underwriter, any of their respective directors, officers, employees, agents or representatives, or any other person or party involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” of this prospectus. You should read the section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are engaged in the tower cranes and mast-climbing work platforms businesses, serving primarily the construction and infrastructure sectors in Hong Kong, Macau, Singapore, and Vietnam. Our principal businesses are the trading of tower cranes, trading of mast-climbing work platforms, rental of tower cranes and provision of maintenance services.

During the Track Record Period, we have derived our revenue from:

- i. trading of new “Potain” brand tower cranes as a distributor in Hong Kong, Macau and Singapore;
- ii. trading of used “Potain” brand tower cranes in Hong Kong and Singapore;
- iii. trading of new HEK mast-climbing work platforms in Hong Kong;
- iv. rental of self-owned “Potain” brand tower cranes and tower cranes leased from third party owners, to customers in Hong Kong, Macau, Singapore and rental of self-owned “Potain” brand tower cranes only in Vietnam; and
- v. provision of after-sale services in Hong Kong, Macau and Singapore, as well as general maintenance and repair services (including sale of spare parts) to tower crane owners and lessees in Hong Kong, Macau, Singapore and Vietnam.

During the Track Record Period, more than 95% of our revenue from trading activities was derived from trading of “Potain” brand new and used cranes. The balance trading revenue was generated from the trading of HEK mast-climbing work platforms.

We first commenced business in 1975, and have been a distributor of “Potain” brand tower cranes in Hong Kong and Macau since 1976 and, thereafter in Singapore in 1997. During the Track Record Period, we were a non-exclusive distributor of “Potain” brand tower cranes in Hong Kong, Macau and Singapore. Manitowoc is a manufacturer of cranes (including “Potain” brand tower cranes) and related products and food service equipment. The Group has been recognised by Manitowoc publicly as its distributor of “Potain” brand tower cranes in Hong Kong, Macau and Singapore. Manitowoc only supplies “Potain” brand tower cranes to the Group in each of these regions. The management understands it is Manitowoc’s commercial decision to have only one distributor at each geographical location to streamline its distribution channel, and it intends to continue with such arrangement. Current supply arrangement is based on recurring transactions and the long-term business relationship between the Group and Manitowoc.

SUMMARY

Despite the established relationship, we have not entered into any formal exclusive distribution or long-term supply agreement with Manitowoc as the management believes this allows the Group to retain more flexibility in its tower crane trading and rental business. Purchases are made based on our business needs from time to time depending on trading orders and rental requirements. The Group intends to maintain the current supply arrangement with Manitowoc as described above.

In respect of our tower crane operations, our business model is as follows:

Trading of new tower cranes

As a distributor of new “Potain” brand tower cranes in Hong Kong, Macau and Singapore, we carry a range of tower cranes with different heights and lifting capacities for our customers’ varied and specific needs. Customers in Hong Kong, Macau and Singapore who wish to purchase new “Potain” brand tower cranes will typically trade through us for their purchases. Due to the distributorship arrangement, we do not normally trade new cranes of other brands and we had only sourced new cranes from Manitowoc and traded only new “Potain” brand tower cranes during the Track Record Period.

Trading of used tower cranes

Given our history of selling “Potain” brand tower cranes, we have maintained a network of “Potain” brand tower crane owners who are independent third parties. From time to time, these owners may wish to sell their used cranes and consequently may trade through us. When we have customers who wish to purchase used tower cranes, we may contact crane owners in our customer network to source for such used cranes. In addition, we also trade used tower cranes as part of our rental fleet renewal process where we sell the older cranes in our fleet and replace them with new cranes. We only traded “Potain” brand used tower cranes during the Track Record Period.

Rental of tower cranes

For our tower crane rental operations, we typically carry small and mid-size cranes in our rental fleet as they are more versatile in terms of usage, and more commonly used in construction projects, providing us with a larger spectrum of potential customers. Our rental fleet consists of mainly “Potain” brand tower cranes.

Provision of after-sale, general maintenance and repair services

Our in-house servicing teams in Hong Kong and Singapore, supported by our workshop facilities, conduct regular maintenance of our rental fleets and provides onsite maintenance and inspections, as well as emergency repairs to our rental customers. The team also provides after-sale maintenance services (including sale of spare parts) to our trading customers of new and used tower cranes, as well as independent tower crane owners who require maintenance services. Our in-house servicing team in Singapore also provides tower crane assembly, installation and dismantling services to our customers. Under the distribution arrangement with Manitowoc, warranty for new tower cranes is provided by Manitowoc for manufacturing defects. We receive compensation from Manitowoc when we provide repair services for such cranes under warranties.

SUMMARY

The following table shows the breakdown of revenue by business segments for each of the years ended 31 December 2007, 2008 and 2009.

	Year ended 31 December					
	2007		2008		2009	
	<i>HK\$</i> (million)	%	<i>HK\$</i> (million)	%	<i>HK\$</i> (million)	%
Trading of new tower cranes	114.6	53.8	145.2	55.3	25.6	14.0
Trading of used tower cranes	12.1	5.7	16.2	6.2	25.6	14.0
Trading of mast-climbing work platforms	11.4	5.4	—	—	—	—
Rental, servicing and others (<i>note</i>)	<u>74.8</u>	<u>35.1</u>	<u>101.1</u>	<u>38.5</u>	<u>132.3</u>	<u>72.0</u>
Total	<u>212.9</u>	<u>100.0</u>	<u>262.5</u>	<u>100.0</u>	<u>183.5</u>	<u>100.0</u>

Note: Breakdown of revenue by rental and maintenance services cannot be conducted as charges for maintenance services are generally included in rental charges in a typical rental agreement.

The following table shows the breakdown of revenue (excluding intra-group revenue) by geographical location for each of the years ended 31 December 2007, 2008 and 2009.

	Year ended 31 December					
	2007		2008		2009	
	<i>HK\$</i> (million)	%	<i>HK\$</i> (million)	%	<i>HK\$</i> (million)	%
Hong Kong	64.0	30.0	90.2	34.4	46.5	25.4
Singapore	145.0	68.1	165.9	63.2	133.3	72.6
Vietnam	1.6	0.8	1.8	0.7	1.7	0.9
Macau	<u>2.3</u>	<u>1.1</u>	<u>4.6</u>	<u>1.7</u>	<u>2.0</u>	<u>1.1</u>
Total	<u>212.9</u>	<u>100.0</u>	<u>262.5</u>	<u>100.0</u>	<u>183.5</u>	<u>100.0</u>

During the Track Record Period, our major customers are contractors in the construction and infrastructure sectors. In respect of obtaining tower cranes for their own use, their preferences such as (i) whether to purchase or rent the tower crane required for the projects; and (ii) if they decide to purchase the cranes, the choice between new and used cranes, will change according to the market conditions in the construction and infrastructure sector and the general availability of financing. As

SUMMARY

the profit margin for our tower crane rental and servicing business, trading of new tower cranes business and trading of used tower cranes business are different, the change in customer preference may affect our overall profit margins and therefore our overall financial performance. During the Track Record Period, the gross profit margin of trading of new tower crane business ranged from 5.9% to 13.6% and the gross profit margin of trading of used tower cranes business ranged from 19.5% to 79.1%. For further information, please refer to the section headed “Financial information — Gross profit and gross profit margin”.

The gross profit margin for our rental, servicing and others operation were 59.9% in 2007, 51.5% in 2008 and 52.2% in 2009. As we intend to expand our tower crane rental fleet in future, the proportion of contribution of our rental, servicing and others operation may increase. Consequently, our overall profit margins and financial performance may change. Please refer to the section headed “Business — Customer preference” in this prospectus for further information.

OUR REVENUE FOR THE FOUR MONTHS ENDED 30 APRIL 2010

During the four months ended 30 April 2010, the unaudited revenue of the Group amounted to approximately HK\$41.4 million, representing a decrease of approximately 34.1% as compared to the unaudited revenue of approximately HK\$62.9 million for the same period in 2009. The decrease in revenue for the four months ended 30 April 2010 was mainly attributable to a lower level of trading activities during the period. During this period, our revenue from trading business amounted to approximately HK\$7.8 million as we have sold only one new tower crane and one used tower crane. Comparatively, during the four months ended 30 April 2009, our revenue from trading business amounted to HK\$16.4 million, comprising the sale of five new tower cranes with average price of approximately HK\$3.3 million. During the entire year ended 31 December 2009, we sold nine new cranes and 19 used cranes at average price per crane of HK\$2.8 million and HK\$1.3 million respectively. Trading activities had declined during the four months ended 30 April 2010 as our customers did not place purchase orders pending the bidding results of several projects.

Meanwhile, our rental business recorded revenue of approximately HK\$28.3 million for the four months ended 30 April 2010, representing a decrease of approximately 3.4% as compared to the unaudited revenue of approximately HK\$29.3 million for the same period in 2009. As at 30 April 2010, 85 tower cranes in our rental fleet of 130 tower cranes had been leased out, representing a lease-out rate of 65%. Comparatively, as at 30 April 2009, 93 tower cranes in our rental fleet of 132 tower cranes were leased out, representing a leased out rate of 70%. Revenue from rental operations had decreased due to a slight decrease in rental rates during the four months ended 30 April 2010.

The Directors have confirmed that since 31 December 2009, there have been no notification and indication of non-payment of our trade receivables or the need to make provisions for our inventories and trade receivables. There have also been no cancellations of any rental contracts or trading orders.

SUMMARY

Turnovers of our tower crane trading, as well as rental and servicing businesses are normally difficult to predict, particularly for the remaining second half of 2010, due to fluctuations in the construction and infrastructure sectors and changes in customer preference. Meanwhile, revenue may not be evenly recognised throughout the year 2010 as is the case during the Track Record Period. It should be noted that expenses in relation to the Share Offer of approximately HK\$11.9 million will be recognised in 2010. Whilst the above quarterly revenue figures may not be indicative of the full year result for 2010, our financial performance for the remaining periods of 2010 may further deteriorate, as set out in the section “Risk factors” below.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer, Mulpha will through its wholly-owned subsidiaries be entitled to exercise or control the exercise of 75% of the issued share capital of our Company (assuming that the Offer Size Adjustment Option is not exercised). Mulpha is listed on the Main Market of Bursa Malaysia Securities Berhad (being the stock exchange of Malaysia) and is a component stock of the FTSE Bursa Malaysia KLCI (a composite index consisting of companies listed in the Main Market of Bursa Malaysia). Mulpha Group is a diversified conglomerate engaging in property development and investment, infrastructure and civil construction, and investment activities. Its businesses cover Malaysia, Vietnam, Singapore, PRC, Hong Kong and Australia. Further information on Mulpha can be found in the section “Business — Our Controlling Shareholders” in this prospectus.

BUSINESS STRATEGIES AND FUTURE PLANS

Our long term business objective is to continue to strengthen our position as a tower crane provider in Hong Kong and Singapore, and to further expand our presence in the Macau and Vietnam markets. To achieve the above, we intend to:

- increase our rental capacity through expansion of our rental fleet
- enhance our servicing capabilities and workshop facilities
- expand our trading operations by increasing and diversifying our trading of construction equipment in addition to tower cranes and mast-climbing work platforms

As a result of the expansion of our rental capacity, we expect our rental, servicing and other income will increase and may account for a larger proportion of our total revenue and a more stable gross profit margin. The expansion of our rental fleet will result in an increase in depreciation charges, and may change the amount of deferred tax recognised in relation to the Group’s fixed assets for the subsequent years. The use of a portion of net proceeds from the Share Offer for trading purposes is not expected to affect our expansion plan for our rental fleet.

SUMMARY

USE OF PROCEEDS

Net proceeds from the Share Offer (assuming no Offer Size Adjustment Option is exercised), after deducting underwriting commissions and professional fees, is expected to amount to approximately HK\$38.1 million. We intend to use such net proceeds in the following manner:

- (a) as to approximately HK\$20.0 million, representing approximately 52.5% of the net proceeds from the Share Offer for the down payment of purchase of new “Potain” tower cranes for rental purposes;
- (b) as to approximately HK\$11.0 million, representing approximately 28.9% of the net proceeds from the Share Offer for the down or full payment of purchase of new “Potain” tower cranes for trading purposes;
- (c) as to approximately HK\$3.8 million, representing approximately 10.0% of the net proceeds from the Share Offer for general working capital of the Group; and
- (d) as to approximately HK\$3.3 million, representing approximately 8.6% of the net proceeds from the Share Offer for the expansion and improvement of our storage facilities and service and maintenance workshops.

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full, are currently estimated to be approximately HK\$7.5 million. They would be applied in the manner and proportions stated above.

To the extent the net proceeds of the Share Offer are not immediately used for the purposes described above, we intend to invest the proceeds in short term demand deposits and/or money-market instruments.

SUMMARY

FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Revenue	212,874	262,537	183,509
Cost of sales and services	<u>(152,148)</u>	<u>(186,117)</u>	<u>(92,720)</u>
Gross profit	60,726	76,420	90,789
Other income	3,456	4,407	2,288
Selling and distribution expenses	(5,079)	(3,991)	(2,085)
Administrative expenses	(21,094)	(25,353)	(26,200)
Other operating expenses	(20,985)	(21,443)	(21,360)
Finance costs	<u>(7,180)</u>	<u>(8,652)</u>	<u>(6,527)</u>
Profit before income tax	9,844	21,388	36,905
Income tax credit/(expense)	<u>4,019</u>	<u>(1,127)</u>	<u>(8,414)</u>
Profit for the year	<u>13,863</u>	<u>20,261</u>	<u>28,491</u>
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations	(60)	(428)	4,454
Surplus on revaluation of property held for own use	<u>—</u>	<u>—</u>	<u>1,618</u>
Other comprehensive income for the year	<u>(60)</u>	<u>(428)</u>	<u>6,072</u>
Total comprehensive income for the year	<u>13,803</u>	<u>19,833</u>	<u>34,563</u>
Profit/(loss) for the year attributable to:			
Owners of the Company	13,895	20,342	28,517
Minority interests	<u>(32)</u>	<u>(81)</u>	<u>(26)</u>
	<u>13,863</u>	<u>20,261</u>	<u>28,491</u>
Total comprehensive income attributable to:			
Owners of the Company	13,835	19,914	34,589
Minority interests	<u>(32)</u>	<u>(81)</u>	<u>(26)</u>
	<u>13,803</u>	<u>19,833</u>	<u>34,563</u>
Earnings per share for profit attributable to the owners of the Company during the year			
- Basic (HK cents)	<u>9.3</u>	<u>13.6</u>	<u>19.0</u>

Note: The basic earnings per share during the year was calculated by dividing the profit attributable to the owners of the Company for the years ended 31 December 2007, 2008 and 2009 by 150,000,000 ordinary shares issuable (being the number of shares of the Company prior to the existing of the Company's shares on the Stock Exchange) as if these shares had been issued throughout the Track Record Period.

SUMMARY

Selected Information from the Combined Statements of Financial Position

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Total non-current assets	112,691	130,263	146,463
Total current assets	<u>106,746</u>	<u>116,447</u>	<u>134,075</u>
Total assets	<u>219,437</u>	<u>246,710</u>	<u>280,538</u>
Total current liabilities	138,016	151,443	130,235
Total non-current liabilities	<u>41,557</u>	<u>35,570</u>	<u>56,043</u>
Total liabilities	<u>179,573</u>	<u>187,013</u>	<u>186,278</u>
Net current (liabilities)/assets	<u>(31,270)</u>	<u>(34,996)</u>	<u>3,840</u>
EQUITY			
Equity attributable to the Company's owners	38,241	58,155	92,744
Minority interests	<u>1,623</u>	<u>1,542</u>	<u>1,516</u>
Total equity	<u>39,864</u>	<u>59,697</u>	<u>94,260</u>

SUMMARY

Selected Information from the Combined Statements of Cash Flow

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Net cash generated from operating activities	39,686	56,545	45,700
Net cash used in investing activities	(15,044)	(29,372)	(705)
Net cash used in financing activities	<u>(14,692)</u>	<u>(30,297)</u>	<u>(19,952)</u>
Net increase/(decrease) in cash and cash equivalents	9,950	(3,124)	25,043
Cash and cash equivalents at 1 January	11,409	22,483	19,470
Effect of foreign exchange rates, net	<u>1,124</u>	<u>111</u>	<u>1,457</u>
Cash and cash equivalents at 31 December	<u>22,483</u>	<u>19,470</u>	<u>45,970</u>

OFFER STATISTICS

	Based on an Offer Price of HK\$1.00 per Offer Share
Market capitalisation of the Shares (<i>note 1</i>)	HK\$200.0 million
Historical price/earnings multiple (<i>note 2</i>)	7.0 times
Unaudited pro forma adjusted net tangible asset per Share (<i>note 3</i>)	HK\$0.65

Notes:

1. The calculation of the market capitalisation is based on 200,000,000 Shares expected to be in issue following the completion of the Share Offer and the Capitalisation Issue but takes no account of any Shares which may fall to be issued upon the exercise of the Offer Size Adjustment Option or any option which may be granted under the Share Option Scheme.
2. The calculation of historical price/earnings multiple is based on the earnings attributable to owners of the Company for the year ended 31 December 2009 of approximately HK\$28.5 million, the Offer Price of HK\$1.00 per Offer Share and assuming that the Company's shares have been listed since 1 January 2009 and a total of 200,000,000 Shares were issued and outstanding during the entire year.
3. The unaudited pro forma adjusted net tangible assets per Share has been arrived at after making the adjustments referred to in the section headed "Unaudited pro forma adjusted net tangible assets" in Appendix II to this prospectus and on the basis of 200,000,000 Shares in issue but takes no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Further Information about the Company and its subsidiaries" in Appendix V to this prospectus.

SUMMARY

DIVIDEND POLICY

Our Directors may recommend that dividends be declared after taking into account, among other things, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on HKFRSs, our Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. Under our Articles of Association, declaration of final dividends is subject to the Shareholders' approval at our annual general meeting, while our Directors have been granted the authority to pay interim dividends without Shareholders' approval.

Any distributable profits that are not distributed in any given year may be retained and be made available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available for reinvestment in our operations. During the Track Record Period, one of our subsidiaries has paid dividends amounting to HK\$9.5 million. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. As at the Latest Practicable Date, the Directors do not expect to declare any dividend for the year ending 31 December 2010.

PRINCIPAL STRENGTHS

We believe that our competitive strengths are as follows, each of which is discussed in greater detail in the section headed "Business — Principal strengths" of this prospectus:

- We have established relationships with our suppliers
- We have experienced and responsive in-house servicing teams
- We have a diversified customer base, many of which have long business relationships with us
- Our management team has proven track record and extensive experience in the tower crane rental and trading businesses

RISK FACTORS

Risk relating to the Group

- Our operations are dependent on Manitowoc
- Our businesses during the first four months of 2010 has slowed down compared to the corresponding period in 2009
- Our operations are dependent on the general economic conditions in the markets we operate, especially the construction and infrastructure sectors which are cyclical in nature

SUMMARY

- Our business may be adversely affected by disruptions in the global financial markets
- A significant portion of net proceeds from the Share Offer will be used for purchasing new tower cranes for rental and trading purposes
- Our business performance is affected by our customers' preference between purchasing and rental of tower cranes as well as between purchasing new and used tower cranes.
- We are exposed to credit risks of our customers
- Our reputation may be adversely affected if there are major disruptions in our equipment trading and rental business
- Our operations may be adversely affected if we fail to retain our senior management team and skilled labour or are unable to attract other qualified personnel to join the Group
- We may not be able to secure suitable premises for storage of our equipment and for our office
- Our operations are exposed to hazards customary to the construction industry and our existing insurance coverage may not provide the Group with sufficient protection against these hazards
- Our operations are subject to regulations and licensing requirements. Regulatory changes may adversely affect our business operations and financial results
- We recorded net current liabilities in the past and may not generate sufficient cash flows to finance our operations or satisfy our current liabilities
- Registrations of the Group's logo as a trademark in Hong Kong, Macau, Singapore and Vietnam are pending approval

Risk relating to the markets in which we operate

- Changes in the economic, political and social conditions in Hong Kong and Singapore and policies adopted by these governments may adversely affect our business, operating results and financial condition
- The legal systems in certain markets are not fully developed and have inherent uncertainties which could limit the legal protections available to us and adversely affect our operations
- Our intra-group transaction may be subject to withholding taxes under the Singapore tax laws
- Fluctuations in the exchange rates of the Singapore dollar or Vietnam dong may adversely affect our financial condition and your investment

SUMMARY

- Foreign exchange control may limit our ability to utilise our cash effectively and affect our ability to receive dividends and other payments from our joint venture
- Intense competition in the tower crane industry in which we operate could reduce our market share and profits
- Regulatory requirements imposed on Mulpha by overseas regulatory bodies may affect our operations

Risk relating to ownership of Shares

- The trading price of the Shares may be volatile which could result in substantial losses for investors subscribing for Offer Shares in the Share Offer
- No prior market exists for our Shares and an active or liquid market for our Shares may not develop
- Future sale of the Shares or major divestment of Shares by any major shareholder could adversely affect the Share price
- Investors in the Share Offer may experience dilution if we issue additional Shares in the future
- The interest of our Controlling Shareholder may not always coincide with our interests and those of our other shareholders
- We cannot assure that we will pay dividend in the future or at all

Risk relating to the Share Offer

- Certain facts, forecasts and other statistics with respect to the demographic information, economy and construction sectors in Singapore and Hong Kong contained in this prospectus have not been independently verified

DEFINITIONS

In this prospectus, the following expressions have the following meanings, unless the context otherwise requires:

“Alimak Hek”	Alimak Hek Group AB, a company incorporated in Sweden, is a manufacturer of hoists, industrial lifts, mast climbing work platforms, and transport platforms, and is an Independent Third Party
“Altus Capital”	Altus Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, appointed as the sponsor to the Share Offer
“Application Form(s)”	WHITE application form(s) and YELLOW application form(s) or, where the context so requires, any of them which is used in the Public Offer
“Articles” or “Articles of Association”	the articles of association of the Company, adopted on 25 June 2010, and as amended from time to time, a summary of which is set out in “Appendix IV — Summary of the Constitution of the Company and the Cayman Islands Company Law” to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Business Day”	any day (excluding a Saturday or a Sunday) on which banks in Hong Kong are generally open for normal banking business
“Board”	the board of Directors from time to time or a duly authorised committee thereof
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the capitalisation issue referred to in the paragraph headed “Written resolutions of the sole Shareholder” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chief Strategy”	Chief Strategy Limited, a company incorporated in the BVI on 18 March 2010 and a directly wholly-owned subsidiary of the Company
“Companies Law”	the Companies Law (2009 Revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Manta Holdings Company Limited (敏達控股有限公司), a company incorporated in the Cayman Islands with limited liability on 11 March 2010
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Mulpha, Mulpha Trading, Mulpha Strategic and Jumbo Hill, which will control the exercise of approximately 75% voting rights in the general meeting of the Company immediately after the Share Offer, the Loan Capitalisation and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised)
“Director(s)”	the director(s) of the Company
“Euro”	the single currency of the participating member states from time to time of the European Union that adopt such currency in accordance with the Treaty on European Union signed on 7 February 1992, as amended
“GDP”	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth), unless otherwise stated
“Gold Lake”	Gold Lake Holdings Limited, a company incorporated in the BVI on 18 March 2010 and a directly wholly-owned subsidiary of the Company
“Group”	the Company and its Subsidiaries or, where the context so requires or permits, in respect of the period prior to the Company becoming the holding company of its present Subsidiaries, all its Subsidiaries

DEFINITIONS

“HDB”	The Housing & Development Board of Singapore
“HEK”	a brand name used by Alimak Hek, under which Alimak Hek sells its mast-climbing work platform
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) not connected person(s) (as defined in the Listing Rules) of the Company
“Jumbo Hill”	Jumbo Hill Group Limited, a company incorporated in the BVI, an indirectly wholly-owned subsidiary of Mulpha and a Controlling Shareholder
“Labour Department”	Labour Department of the Hong Kong Government
“Latest Practicable Date”	25 June 2010, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Lead Manager”	Get Nice Securities Limited
“Listing”	the listing of the Shares on the main board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Monday, 19 July 2010, on which the Shares are first listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Capitalisation”	the capitalisation of the shareholder’s loan owed by our Group to the Mulpha Group referred to in the paragraph headed “Written resolutions of the sole Shareholder” in Appendix V to this prospectus
“LTA”	The Land Transport Authority of Singapore
“Macau”	the Macau Special Administrative Region of the PRC

DEFINITIONS

“Manitowoc”	Manitowoc Company, Inc., a company incorporated in Wisconsin, the US, which is a manufacturer of cranes and related products and foodservice equipment and an Independent Third Party
“Manta Engineering”	Manta Engineering and Equipment Company, Limited, an operating subsidiary of the Group which mainly carries out our trading operations in Hong Kong
“Manta Far East”	Manta Far East Sdn Bhd, an indirectly wholly-owned subsidiary of Mulpha
“Manta Hong Kong”	Manta Engineering, Manta Rental, Manta Services and Manta Macau, being operating subsidiaries of the Group which carry out our operations in Hong Kong and Macau
“Manta Macau”	Manta Engineering and Equipment (Macau) Company Limited, an operating subsidiary of the Group which carries out our operations in Macau
“Manta Rental”	Manta Equipment Rental Company Limited, an operating subsidiary of the Group which mainly carries out our rental and maintenance services operations in Hong Kong
“Manta Services”	Manta Equipment Services Limited, a subsidiary of the Group which holds our 15% investment in Shenzhen Nectar Engineering & Equipment Co., Ltd
“Manta Singapore”	Manta Equipment (S) Pte Ltd, an operating subsidiary of the Group which carries out our operations in Singapore which was formerly known as Fintrade Services Private Limited as from its incorporation on 2 January 1996 and renamed as Manta Equipments (S) Pte Ltd on 15 January 1997 and then further renamed to its present name on 24 June 1997
“Manta Vietnam”	Manta-Vietnam Construction Equipment Leasing Company Limited, an operating joint venture set up by Manta Rental, Vietnam-based Construction & Real Estate Joint Stock Company III and Vietnam-based Housing Development and Trading Company Limited, which carries out our operations in Vietnam
“Mr. Chung”	Mr. Chung Tze Hien, an executive Director and the Chairman of the Company

DEFINITIONS

“Mr. Ku”	Mr. Ku Sze King (also known as Mr. Koo Sze King), the founder of Manta Hong Kong, and the director and sole shareholder of Pan Ocean and a connected person
“Mr. Lai”	Mr. Lai Siu Shing, an executive Director and the general manager of the Company
“Mr. Quek”	Mr. Quek Chang Yeow, an executive Director and the chief executive officer of the Company
“MoM”	Ministry of Manpower of Singapore
“Mulpha”	Mulpha International Bhd, a company incorporated in Malaysia with limited liability, and a Controlling Shareholder
“Mulpha Group”	Mulpha and its subsidiaries
“Mulpha Trading”	Mulpha Trading Sdn Bhd, a company incorporated in Malaysia with limited liability, a wholly-owned subsidiary of Mulpha and a Controlling Shareholder
“Mulpha Strategic”	Mulpha Strategic Limited, a company incorporated in the BVI, an indirectly wholly-owned subsidiary of Mulpha and a Controlling Shareholder
“Offer Size Adjustment Option”	the option granted by the Company to the Placing Underwriter, exercisable by the Lead Manager on behalf of the Placing Underwriter, at its sole and absolute discretion, prior to the Listing Date, whereby the Company may be required to allot and issue up to 7,500,000 additional Shares representing up to 15% of the Offer Shares initially available under the Share Offer, at the Offer Price solely to cover over allocations in the Share Offer, subject to the terms of the Underwriting Agreement
“Offer Price”	HK\$1.00 per Offer Share (excluding brokerage, the SFC transaction levy and the Stock Exchange trading fee payable thereon)
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Pan Ocean”	Pan Ocean International Limited, a company incorporated in the BVI with limited liability, which owned approximately 12% interests in each of Manta Engineering, Manta Rental, Manta Services and Manta Singapore prior to the Reorganisation, and wholly and beneficially owned by Mr. Ku

DEFINITIONS

“Placing”	the conditional placing of 45,000,000 Placing Shares by the Placing Underwriter on behalf of the Company with professional, institutional and/or other investors for cash at the Offer Price, as further described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Shares”	the 45,000,000 New Shares initially being offered for subscription under the Placing together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Offer Size Adjustment Option, subject to adjustment as described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Underwriter”	the underwriter in respect of the Placing named in the paragraph headed “Placing Underwriter” in the section headed “Underwriting” in this prospectus
“Potain”	a brand name used by Manitowoc, under which Manitowoc sells its tower crane products
“PRC” or “China”	the People’s Republic of China, but for the purposes of this prospectus only (unless otherwise indicated), excludes Hong Kong, Macau and Taiwan
“Public Offer”	the offering by the Company of initially 5,000,000 Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed “Structure of the Share Offer” in this prospectus) for cash at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 5,000,000 new Shares (subject to adjustment as described in the section headed “Structure of the Share Offer” in this prospectus) initially being offered by the Company for subscription at the Offer Price under the Public Offer
“Public Offer Underwriter”	the underwriter in respect of the Public Offer named in the paragraph headed “Public Offer Underwriter” in the section headed “Underwriting” in this prospectus
“Reorganisation”	the reorganisation of the corporate structure of the Group referred to in the paragraph headed “Corporate Reorganisation” in Appendix V to this prospectus
“Singapore”	Republic of Singapore
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company from time to time
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 25 June 2010, the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Sponsor”	Altus Capital, being the sponsor of the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere and Subsidiaries shall be construed accordingly
“Substantial Shareholder”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“Track Record Period”	the period comprising the financial years ended 31 December 2007, 2008 and 2009
“Trading Day”	a day on which trading of the Shares takes place on the Stock Exchange
“Underwriter”	the Placing Underwriter and/or the Public Offer Underwriter
“Underwriting Agreement”	the underwriting and placing agreement dated 29 June 2010 entered between, among others, the Company, the executive Directors, the Sponsor and the Underwriter, particulars of which are summarised in the section headed “Underwriting” in the prospectus
“US”	United States of America
“Vietnam”	Socialist Republic of Vietnam
“we”, “us” or “our”	the Company or the Group (as the context may require)

DEFINITIONS

“HK\$” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“S\$”	Singapore dollars, the lawful currency of Singapore
“US\$”	US dollars, the lawful currency of the US
“VND”	Vietnamese dong, the lawful currency of Vietnam
“sq.ft.” and “sq.m.”	square feet and square metres, respectively
“%”	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, unless otherwise stated, certain amounts denominated in S\$ have been translated into HK\$ at an exchange rate of S\$1.00 to HK\$5.50. Certain amounts denominated in US\$ have also been translated into HK\$ at an exchange rate of US\$1.00 to HK\$7.8. Likewise certain amounts denominated in VND have been translated into HK\$ at an exchange rate of VND2,400 to HK\$1.00. Certain amounts denominated in RM have been translated into HK\$ at an exchange rate of RM1 to HK\$2.3. Such conversions shall not be construed as representations that amounts in Singapore dollars, VND or RM were or could have been or could be converted into HK\$ at such rates or any other exchange rates on such date or any other date.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this prospectus and their English translations, the Chinese version shall prevail. The English names of the Vietnamese entities mentioned in this prospectus may not be their official names in Vietnam and are used for identification only.

FORWARD-LOOKING STATEMENTS

We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- our future debt levels and capital needs;
- our dividend policy;
- future developments, trends and conditions of the tower crane markets in Singapore, Hong Kong and the rest of the world;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory or operating conditions in the markets in which we operate;
- our ability to acquire more customers, increase market shares, and increase revenue in rental and trading businesses;
- our ability to reduce costs;
- capital market developments;
- the actions and developments of our competitors;
- certain statements in “Financial Information” with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical facts.

In some cases, we use the words “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “may”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would”, and similar expressions to identify forward-looking statements.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. We undertake no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statement.

FORWARD-LOOKING STATEMENTS

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

In this prospectus, unless otherwise stated, statements of or references to our intentions of those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

Potential investors should carefully consider all of the information set out in this prospectus and, in particular, should consider the following risks and special considerations associated with an investment in the Company before making any investment decision in relation to the Company. You should pay particular attention to the fact that the Company is incorporated in the Cayman Islands and a significant part of the Group's operations are conducted in Singapore and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of the Shares, and could cause you to lose all or part of your investment.

We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (i) risks relating to the Group; (ii) risks relating to the markets in which we operate; (iii) risks relating to ownership of Shares; and (iv) risks relating to the Share Offer.

RISKS RELATING TO THE GROUP

Our operations are dependent on Manitowoc

The Group works closely with Manitowoc, which is the manufacturer of the “Potain” brand tower cranes. We have been a non-exclusive distributor of new “Potain” brand tower cranes in Hong Kong, Macau and Singapore during the Track Record Period. Due to this non-exclusive distributorship arrangement, while we may trade used tower cranes of other brands, we do not normally trade new cranes of other brands. During the Track Record Period, we had only sourced new cranes from Manitowoc and traded “Potain” brand new cranes. We also traded only “Potain” brand used cranes during the Track Record Period. Our rental fleet also consists of only “Potain” brand tower cranes due to our management’s purchase decision. Consequently, “Potain” brand tower cranes supplied by Manitowoc form an integral part for both our rental and trading businesses in Hong Kong and Singapore.

We are dependent on the quality, supply and timely delivery of “Potain” brand tower cranes from Manitowoc. At present, “Potain” brand tower cranes are manufactured in Europe and in Zhangjiagang, the PRC, and have a lead time between order placing and delivery. During the years ended 31 December 2007, 2008 and 2009, the purchases of “Potain” brand tower cranes from Manitowoc were approximately HK\$127.5 million, HK\$189.4 million and HK\$44.8 million, representing 73.4%, 79.3% and 43.3% of our total purchases during those financial years respectively. Other than Manitowoc and save for a purchase from Alimak Hek in 2007 which amounted to approximately HK\$10.2 million (representing 5.9% of our total purchase in 2007), no other supplier accounted for more than 5% of our purchases during the years ended 31 December 2007, 2008 and 2009. Our aggregate purchases from our top five suppliers represented approximately 83.7%, 84.6% and 57.9% of our total purchases during the financial years ended 31 December 2007, 2008 and 2009.

RISK FACTORS

Despite the established distributorship arrangements, we have not entered into any formal distribution or long-term supply agreement with Manitowoc as the management believes this allows the Group to retain more flexibility in its tower crane trading and rental business. Purchases are made based on our business needs from time to time depending on trading orders and rental requirements. Given the delivery lead time which averaged 2.7 months during the Track Record Period, we may also place orders based on forecasted demands. We typically make a down payment of up to 20% of the purchase price when we place orders with Manitowoc. In case of cancelled order, this down payment will be forfeited while no further penalty will be charged by Manitowoc. Manitowoc grants us a 360-day credit facility where interests will be charged. We have been utilising this credit facility during the Track Record Period and in the event that this credit facility is cancelled by Manitowoc, our operations may be affected.

Manitowoc is a manufacturer of cranes and related products and foodservice equipment. It is listed on the New York Stock Exchange and had a market capitalisation of US\$1,293 million (equivalent to HK\$10.1 billion) as at the Latest Practicable Date. It recorded revenue of US\$3,782 million (equivalent to HK\$29.5 billion) for the year ended 31 December 2009 and had stockholder equity of US\$607.9 million as at 31 December 2009. Despite our relationship with Manitowoc, there is no assurance that we will continue to have access to sufficient supply of tower cranes and other related parts from Manitowoc at competitive prices or at all. Meanwhile, despite Manitowoc's scale of operations, there is no certainty that they can continue to provide timely delivery to us. Any delay in delivery may also adversely affect our trading and rental operations in meeting customers' demand. In the event of the above, we may have to source for alternative suppliers of other brands and may be charged a higher price, which in turn may adversely affect our reputation, operations and financial performance.

Our businesses during the first four months of 2010 has slowed down compared to the corresponding period in 2009

During the four months ended 30 April 2010, the unaudited revenue of the Group amounted to approximately HK\$41.4 million, representing a decrease of approximately 34.1% as compared to the unaudited revenue of approximately HK\$62.9 million for the same period in 2009. The decrease in revenue for the four months ended 30 April 2010 was mainly attributable to a lower level of trading activities during the period. During this period, our revenue from trading business amounted to approximately HK\$7.8 million as we have sold only one new tower crane and one used tower crane. Comparatively, during the four months ended 30 April 2009, our revenue from trading business amounted to HK\$16.4 million, comprising the sale of five new tower cranes with average price of approximately HK\$3.3 million. During the entire year ended 2009, we sold nine new cranes and 19 used cranes at average price per crane of HK\$2.8 million and HK\$1.3 million respectively. Trading activities had declined during the four months ended 30 April 2010 as our customers did not place purchase orders pending the bidding results of several projects.

Meanwhile, our rental business recorded revenue of approximately HK\$28.3 million for the four months ended 30 April 2010, representing a decrease of approximately 3.4% as compared to the unaudited revenue of approximately HK\$29.3 million for the same period in 2009. As at 30 April 2010, 85 tower cranes in our rental fleet of 130 tower cranes had been leased out, representing a

RISK FACTORS

lease-out rate of 65%. Comparatively, as at 30 April 2009, 93 tower cranes in our rental fleet of 132 tower cranes were leased out, representing a lease-out rate of 70%. Revenue from rental operations had decreased due to a slight decrease in rental rates during the four months ended 30 April 2010.

The Directors have confirmed that since 31 December 2009, there have been no notification and indication of non-payment of our trade receivables or the need to make provisions for our inventories and trade receivables. There have also been no cancellations of any rental contracts or trading orders.

Turnovers of our tower crane trading, as well as rental and servicing businesses are normally difficult to predict, particularly for the remaining second half of 2010, due to fluctuations in the construction and infrastructure sectors and changes in customer preference. Meanwhile, revenue may not be evenly recognised throughout the year 2010 as is the case during the Track Record Period. It should be noted that expenses in relation to the Share Offer of approximately HK\$11.9 million will be recognised in 2010. Whilst the above quarterly revenue figures may not be indicative of the full year result for 2010, our financial performance for the remaining periods of 2010 may further deteriorate. If our trading, as well as rental and servicing businesses remain at low level in the remaining periods of 2010, our profitability and financial performance may be adversely affected.

Our operations are dependent on the general economic conditions in the markets we operate, especially the construction and infrastructure sectors which are cyclical in nature

Our revenue from trading and rental operations is derived principally from Hong Kong, Macau Singapore and Vietnam, which amounted to 25.4%, 1.1%, 72.6% and 0.9% of our revenue for the year ended 31 December 2009 respectively; and predominantly from customers from the construction and infrastructure sectors. We believe that these sectors are cyclical in nature. If the value and number of construction and infrastructure projects decrease overall due to economic downturn, the demand for tower cranes (both for rental and for purchase) may reduce accordingly. In addition, there may also be lesser demand for our maintenance services. In the event of a downturn of general economic conditions and in particular the construction and infrastructure sectors, the demand from our customers may reduce and the profitability and financial performance for both our trading and rental operations may be adversely impacted.

We intend to expand our trading operations by increasing our product range. Such plan may be difficult to implement during periods of economic downturn.

Our business may be adversely affected by disruptions in the global financial markets

Our operations are capital intensive and require a substantial level of working capital to fund our purchases of tower cranes. Generally, we fund the working capital and purchases of our rental fleet with short and long term financing (including loans and financial leases on equipment) from banks and other financial institutions. In the previous two financial years, the disruptions of the global credit markets and the general economic downturn have led to a reduction in the availability of financing and tightening of terms and conditions of loans from these financial institutions. As at 31 December 2009,

RISK FACTORS

we have a net current asset position of approximately HK\$3.8 million and our total outstanding bank borrowings and finance lease payables was HK\$113.6 million, of which HK\$8.4 million was bank borrowings, HK\$68.3 million was finance lease payables for our rental fleets and HK\$36.9 million was amounts due to fellow subsidiaries and a related company.

Given the vulnerability of current global economy and financial markets, there is no assurance that we will be able to obtain the required capital to continue with our rental and trading operations at reasonable terms and finance costs. In the event that financing is not available to us and/or funding has to be obtained at excessive costs, our profitability and financial performance will be adversely affected.

The disruption in the global financial markets may also adversely affect our trading operations. Potential customers may face more difficulties in borrowing funds to finance their purchases under the tightened credit market. As a result, customers may switch from purchasing new tower cranes to purchasing used tower cranes or renting the tower cranes needed for their projects. In case the disruption in the global financial markets continues, the demand for our trading operations may be weakened and accordingly our profitability and financial performance may be adversely affected.

A significant portion of net proceeds from the Share Offer will be used for purchasing new tower cranes for rental and trading purposes

As discussed in the section headed “Use of proceeds”, we intend to apply as to approximately HK\$20.0 million, representing 52.5% of the net proceeds from the Share Offer, for the down payment of purchase of new “Potain” tower cranes for rental purposes and approximately HK\$11.0 million, representing 28.9% of the net proceeds from the Share Offer, for the down or full payment of purchase of new “Potain” tower cranes for trading purposes. There is no assurance that the intended new purchases for rental purposes can be utilised at a lease-out rate comparable to that during the Track Record Period and the intended new purchases for trading purposes will meet with customers’ demand. In the event that the new purchases cannot be utilised for our rental business or cannot be sold for our trading business as we expect, the profitability and financial performance of the Group may be adversely affected.

Our business performance is affected by our customers’ preference between purchasing and rental of tower cranes as well as between purchasing new and used tower cranes

During the Track Record Period, our major customers are contractors in the construction and infrastructure sectors. Our business performance and profitability may be adversely affected by our customers’ preferences such as (i) whether to purchase or rent the tower crane required for the projects; and (ii) if they decide to purchase the cranes, the choice between new and used cranes. These preferences may change according to the market conditions in the construction and infrastructure sectors and the general availability of financing.

In general, construction contractors may reduce their capital investments amid uncertain market conditions by acquiring used cranes instead of new cranes. Buyers of new cranes may also be in a better bargaining position and demand for larger discounts from us, thereby affecting our profit margins. Construction contractors may also switch from purchasing tower cranes to rental instead

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during periods when availability of financing is limited. For example, our revenue from new tower cranes trading decreased from HK\$145.2 million in 2008 to HK\$25.6 million in 2009. Meanwhile, the revenue from used crane trading increased from HK\$16.2 million in 2008 to HK\$25.6 million in 2009 and revenue from rental and servicing increased from HK\$101.1 million in 2008 to HK\$132.3 million in 2009.

Our profit margins for rental operations differ from those of trading operations and if we need to purchase more tower cranes for rental purpose, our financial performance and profitability may be adversely affected for reasons including increase in depreciation charge. For detailed discussion, please refer to “Business — Source of revenue and our customers — Customer preference” in this prospectus.

We are exposed to credit risks of our customers

For our rental operations, we typically bill our customers on a monthly basis. For the rental of cranes, the rental term typically ranges between 6 and 18 months and we will bill our customers on a monthly basis at month end plus any extra charges such as maintenance services provided outside contracted crane operating hours. For our trading operations, we typically require customers to place a down payment of up to 20% of purchase price when placing orders to purchase new cranes and up to 30% of purchase price when placing orders for used cranes. Customers will be invoiced for the balance of payment upon delivery of the cranes. We typically grant our rental and trading customers a credit terms of up to 60 days. We are therefore exposed to the risks of payment delay and/or default by our customers.

During the Track Record Period, our trade receivable turnover days were 41 days, 31 days and 62 days for the years ended 31 December 2007, 2008 and 2009 respectively, and our allowance for impairment of trade receivables were nil, HK\$0.8 million and HK\$0.1 million for the years ended 31 December 2007, 2008 and 2009 respectively. Despite the satisfactory historical payment record from our customers, there is no assurance that the financial position of our customers will remain healthy in the future and that we will be able to collect payments from our customers on time. If the financial position of any of our major customers deteriorates in the future, the risk of default on their payments to us will increase, which in turn will adversely affect our profitability, working capital and cash flow.

Our reputation may be adversely affected if there are major disruptions in our equipment trading and rental business

We have established ourselves as a reputable tower crane trading and rental company in the major markets which we operate in, including Hong Kong and Singapore. Over the years, we believe that we have built goodwill among our customers. If there is any major disruption to our operations due to events such as industrial accidents, major or frequent breakdowns of our rental tower cranes, recall of “Potain” brand tower cranes due to quality problems, inability of our servicing teams or our third party service suppliers to provide timely service to our customers, or due to circumstances beyond our control, we may face adverse publicity and hence our reputation and goodwill with customers may be adversely affected. In addition, while any defects of new tower cranes are covered by Manitowoc and

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we are generally not responsible for defects of used equipment sold on behalf of third party owners, our reputation may nevertheless be affected. Consequently, we may risk losing customers' confidence for our rental and trading business, and our profitability and financial performance may be adversely affected.

Our operations may be adversely affected if we fail to retain our senior management team and skilled labour or are unable to attract other qualified personnel to join the Group

Our senior management team, particularly Mr. Quek, our Chief Executive Officer and Mr. Lai, an executive Director, have been with the Group for over 10 years and 30 years respectively. They have been responsible for our tower crane rental and trading businesses and are responsible for overseeing the day-to-day operations and the strategic development of our Group. The senior management team is expected to play an important role in the future growth and success of our business. While each of Mr. Quek and Mr. Lai, based on their individual circumstances and mutual agreement with the Company, has entered into three-year and one-year service contracts respectively commencing on the Listing Date with the Company, there is however no assurance that we will be able to retain the services of any or all of our senior management team and key personnel and this may lead to disruptions to our operations.

As our customers typically do not conduct open tender when renting tower cranes, we rely on our sales and marketing teams to make cold calls or through their regular contacts with customers to solicit new businesses. If we are not able to retain these sales personnel, or if such sale and marketing strategy becomes ineffective in the future, our business and growth prospects may be adversely affected. We also maintain in-house teams of skilled technicians and servicing staff in Hong Kong and Singapore to provide timely maintenance and other supporting services to our customers. Our in-house servicing team in Singapore also provides tower crane installation and dismantling services to our customers. As these technicians have to be formally trained and registered with relevant regulatory bodies in Hong Kong and Singapore, the number of qualified personnel available in the industry is limited, especially during periods of construction activities boom. In case of a shortage of such skilled labours, we may have to increase their salaries in order to attract and retain their services. This will result in an increase in operating expenses which we may not be able to pass on to our customers and accordingly affect our profitability.

We may not be able to secure suitable premises for storage of our equipment and for our office

Currently we lease a significant portion of storage space for our tower cranes in Hong Kong, Singapore and Vietnam. The lease for our storage yard at Kam Tin, Hong Kong will expire in December 2012 and the lease for our storage yard at Shipyard Road, Singapore is currently being renewed on a yearly basis. We intend to negotiate for a renewal of the above leases upon their expiry. There is however no assurance that we can continue to lease our current storage facilities when the lease terms expire.

In respect of the storage yard in Hong Kong, it has come to our attention that the lessor of the relevant sub-tenancy agreement may not have legal rights to lease the said land to us. As a result, we may be evicted by the ultimate owner(s) or other relevant parties and may be subject to possible trespassing claim. In view of the uncertainty and possible dispute, we intend to move to another

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storage yard upon expiry of the current lease. We have commenced identification of alternative sites and expect to identify the suitable site for relocation by the end of 2010. The expected relocation cost is approximately HK\$0.6 million. In respect of the storage yard which we lease in Ho Chi Minh City, Vietnam, it has come to our attention that the land use right certificate for the yard does not permit industrial usage. We intend to move to another storage yard upon expiry of the current lease in September 2010, and have started identifying suitable sites. Further details can be found in the section “Business — Property”.

In the event that we are evicted due to reasons above, or that our business continues to expand and/or if there is sudden reduction in demand for our rental fleet, we may need to secure alternative and/or further storage space. As storage facilities and workshops have to be located on premises which meet zoning and permitted land use requirements, such premises may not be immediately available when needed. In the event that we cannot extend our current lease and/or cannot find alternative and additional premises when required, this may result in disruptions to our operations which will in turn adversely affect our profitability.

Our operations are exposed to hazards customary to the construction industry and our existing insurance coverage may not provide the Group with sufficient protection against these hazards

For our day-to-day operations, we may face the risk of loss or damage to our properties, machinery and inventories due to fire, flood or theft. Such events may lead to disruptions and thus may adversely affect our operations and financial performance.

At present, we have full insurance coverage for our equipment and storage facilities in Singapore and Vietnam. In Hong Kong, we have insurance coverage for our cranes for rent when they are being deployed at the construction site but only have insurance coverage for third party liability for machinery and equipment for rent and sale stored in our Hong Kong storage facilities as theft and flood insurance for open storage premises is generally not available in Hong Kong. Meanwhile, the Directors consider that the costs of insurance coverage for fire for open storage premises are too high to justify the benefits of maintaining such insurance coverage. As at 31 December 2009, our rental fleet in Hong Kong had an average age of 9 years and a carrying value of approximately HK\$39.9 million, representing approximately 30.9% of the carrying value of the Group’s entire rental fleet. Our inventories and consumables in Hong Kong had a carrying value of approximately HK\$5.0 million as at 31 December 2009, representing approximately 13.5% of the carrying value of the Group’s total inventories and consumables. While our insurance in Singapore covers potential losses due to business interruption, we will remain liable for any debt and financial obligation related to the excess losses if the insurance coverage is insufficient. Meanwhile, in the event that we face losses or damages to our machinery and inventories due to fire, flood or theft at our Hong Kong storage facilities or business interruption for such reason, we will not receive any compensation. This will have an adverse impact on our financial position.

We maintain insurance for our employees as well as coverage for third parties liabilities. Notwithstanding, in the event that there are claims made against us as a result of accidents and our liabilities are not fully covered by insurance, our profitability and financial performance will be adversely affected.

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Our operations are subject to regulations and licensing requirements. Regulatory changes may adversely affect our business operations and financial results

To carry out our operations in Singapore, we have to obtain certificate of approval as a crane contractor from the MoM, which is subject to renewal every two years. Our current certificate of approval will expire in February 2011. Meanwhile, save for regular business registration as required for all companies in Hong Kong, there is no specific licensing requirement for carrying out our Hong Kong operations save for the licencing and registration of the technicians.

In Singapore, each model of tower crane is subject to type approval by the MoM prior to deployment. Moreover, tower cranes for HDB projects must be registered with the HDB which imposes stringent conditions on, among others, the age of the tower cranes. In addition, specific training and qualifications have to be obtained by our technical staff who conduct the installation, dismantling and maintenance work on our tower cranes. (Please refer to the section entitled “Business — Employees training and licenses” for details).

In Macau, there is no license or permit required for Manta’s tower crane trading and rental business. However, crane erectors have to comply with all the necessary safety conditions of the site. Any installation, fixing, dismantling, modification, examination and maintenance of tower cranes have to be performed by skilled workers under supervision and inspection of qualified personnel of the site. Tower cranes in use have to be examined daily by the operators and have to be examined weekly by the qualified personnel.

In Vietnam, cranes and hoists (including tower cranes) are subject to strict labour safety requirements and must be assessed and registered with the local office of the Department of Labour, Invalids and Social Affairs (“DOLISA”). The safety assessment is a pre-condition for DOLISA’s grant of a safety registration certificate and it is required for tower crane supplier to register the imported tower cranes with DOLISA. In respect of installation, dismantling and maintenance services, as Manta Vietnam outsources all these works to subcontractors, it and its employees are not required to maintain the Labour Safety and Hygiene Certificate.

While we constantly monitor our compliance with all applicable laws and regulations, any amendments of existing laws and regulations and/or introduction of new laws and regulations may impose more stringent requirements which in turn require us to incur significant capital investment or other obligations. This may result in substantial financial burden and may adversely affect our operations and financial performance.

We recorded net current liabilities in the past and may not generate sufficient cash flows to finance our operations or satisfy our current liabilities

The Group recorded net current liabilities position of approximately HK\$31.3 million and HK\$35.0 million as at 31 December 2007 and 2008 respectively. The Group’s net current liabilities position was mainly attributable to amounts due to our fellow subsidiaries. Subsequent to 31 December 2009, approximately HK\$36.8 million of such amounts due to fellow subsidiaries as at 31 December 2009 have been repaid or capitalised fully.


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For the years ended 31 December 2007, 2008 and 2009, we incurred net cash outflow from investing activities of approximately HK\$15.0 million, HK\$29.4 million and HK\$0.7 million respectively, which were mainly attributable to purchases of property, plant and equipment for our rental and servicing businesses. For the years ended 31 December 2007, 2008 and 2009, we also incurred net cash outflow from financing activities of approximately HK\$14.7 million, HK\$30.3 million and HK\$20.0 million respectively, which were mainly attributable to the settlement of capital element of finance lease liabilities and repayment of borrowings. As a result of decrease in our trading activities, our revenue has reduced from HK\$262.5 million in the year ended 31 December 2008 to HK\$183.5 million in the year ended 31 December 2009.

In the event that we are unable to generate sufficient cash flow for our operations or otherwise unable to obtain sufficient funds to finance our operations or satisfy our current liabilities in a timely manner, our business operations, our liquidity and our ability to raise funding may be materially and adversely affected by our net current liabilities and negative cash flow from operation position. There can be no assurance that we will maintain sufficient working capital, revenues or raise necessary funding to pay off our current liabilities and meet our capital commitments. In such circumstances, our business, financial position, results of operations and prospects may be materially and adversely affected.

Registrations of the Group's logo as a trademark in Hong Kong, Macau, Singapore and Vietnam are pending approval

As at the Latest Practicable Date, we are in the process of registering the following trademark in Hong Kong, Singapore, Macau and Vietnam for our crane leasing and trading business.

Trademark	Place of registration	Class	Status	Application number	Date of application/filing
	Hong Kong	7, 37, 42	Pending	301564533	16 March 2010
	Macau	7, 37, 42	Pending	N/48543	7 April 2010
				N/48544	
				N/48545	
	Singapore	7, 37, 42	Pending	258022	20 April 2010
Vietnam	7, 37, 42	Pending	4-2010-07484	12 April 2010	

Save as disclosed above, our business or profitability is not dependent on any patent or license or any other intellectual property rights. We rely on various intellectual property laws, especially trademark laws, to protect our proprietary rights. We recognise the importance of protecting and enforcing intellectual property rights. As at the Latest Practicable Date, we were not aware of any material infringement of our intellectual property rights and we believe that we have taken all reasonable measures to prevent any infringement of any third party intellectual property rights.

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However, there is no assurance that we will not receive any objection to the pending trademark applications. In addition, there is no assurance that the use of the logo by the Group in this prospectus will not infringe the intellectual property rights of any other third party or in breach of the laws of Hong Kong, Macau, Singapore and Vietnam. Any liability claim in relation to the use of the logo by the Group, made or threatened to be made against the Group in the future, regardless of its merits, may result in costly litigation and put strain on the Group's administrative and financial resources.

RISKS RELATING TO THE MARKETS IN WHICH WE OPERATE

Changes in the economic, political and social conditions in Hong Kong and Singapore and policies adopted by these governments may adversely affect our business, operating results and financial condition

A substantial amount of our assets, business and operations are based in Hong Kong and Singapore. During the years ended 31 December 2007, 2008 and 2009, the Group derived 68.1%, 63.2% and 72.6% respectively of its revenue from Singapore. During the years ended 31 December 2007, 2008 and 2009, revenue from Hong Kong accounted for 30.0%, 34.4% and 25.4% respectively of the Group's total revenue. Accordingly, our business, financial condition, results of operations and prospects are subject to a significant degree to economic, political and legal development in Hong Kong and Singapore.

Our operations and financial results could also be adversely affected by changes in political, economic and social conditions or the relevant policies of the respective government of Hong Kong and Singapore, such as changes in laws and regulations (or the interpretation thereof). Our operations and financial results could also be adversely affected by changes in measures which might be introduced to control, among others, inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. During the Track Record Period, there were no price control measures on import of tower cranes imposed by the government in Hong Kong, Macau, Singapore and Vietnam. Please refer to the section headed "Regulatory environment" in this prospectus for the relevant current regulatory environment in Hong Kong and Singapore. There is no guarantee that such government policies would not change in the future and it is uncertain whether such changes may adversely affect our business operation.

The legal systems in certain markets are not fully developed and have inherent uncertainties which could limit the legal protections available to us and adversely affect our operations

Our operations in Vietnam, which accounted for 0.8%, 0.7% and 0.9% of the Group's revenue during the years ended 31 December 2007, 2008 and 2009 respectively, are carried out through a joint venture, of which we own as to 67% of the equity interests. The Vietnamese legal system, in particular laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade, are relatively new. Many of these laws and regulations will continue to evolve, and could be subject to different interpretations and may be inconsistently enforced. In addition, there is only a limited volume of published court decisions which may be cited for reference and in any case, such

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cases have limited precedential value as they are not binding on subsequent cases. As all of our operations are conducted through a joint venture which are established under the Vietnamese laws, these uncertainties relating to the Vietnamese legal system can affect the legal remedies and protections that are available to us and can adversely affect the value of our investment.

Our intra-group transaction may be subject to withholding taxes under the Singapore tax laws

In order to improve utilisation rate of our rental fleet in Hong Kong and Singapore, we will transport our rental fleet of tower cranes between our Hong Kong and Singapore subsidiaries through intra-group sub-let arrangements as and when necessary. For example, when a customer in Singapore requires a crane which is available among our Hong Kong rental fleet, Manta Hong Kong will rent the tower crane to Manta Singapore, which in turn will onward rent the crane to the customer.

When Manta Hong Kong rents cranes to Manta Singapore, the rental payable by Manta Singapore to Manta Hong Kong is subject to a withholding tax of 15% of the gross payment amount. Currently no Hong Kong withholding tax is applicable if Manta Singapore rents cranes to Manta Hong Kong in return for rental payments. Any future change in the withholding tax rate in Singapore and introduction of withholding tax in Hong Kong in the future may affect such sub-let arrangements.

Fluctuations in the exchange rates of the Singapore dollar or Vietnam dong may adversely affect our financial condition and your investment

Over half of the revenue and part of the assets and liabilities of the Group are denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore is primarily dominated in Singapore dollar and the revenue generated from Vietnam's operation is denominated in Vietnam dong. The purchase of tower cranes and other parts from the suppliers are usually denominated in Singapore dollar, Euro or US dollar. For our purchases in foreign currency, we may enter into hedging arrangements to hedge against fluctuation in the foreign exchange rate through entering into short-term forward contracts. At present we do not have any hedging arrangement for our revenue generated from our Singapore and Vietnam operations.

In addition, as our reporting currency is Hong Kong dollar, the financial result of our foreign subsidiaries and joint venture will need to be translated into Hong Kong dollar for consolidation purpose. As such, any material fluctuation in foreign exchange rates will result in translation gains or losses on the Group's consolidated financial statements. Any such translation gains or losses will be recognised in the translation reserves or deficits as part of our owners' equity. For the years ended 31 December 2007, 2008 and 2009, the exchange difference arising on translation of financial statements of foreign operations were a loss of HK\$0.1 million, a loss of HK\$0.4 million and a gain of HK\$4.5 million respectively.

As our sales, purchases and operating expenses are not matched in the same currency and there is a timing difference between the collections and payments, we are subject to foreign exchange exposure in our day-to-day operations. Any significant adverse foreign currency fluctuation may have an adverse impact on the business and financial performance of the Group on a consolidated basis. Given that currently we do not enter into any foreign exchange hedge for our revenue and expenses, we cannot predict the effect of foreign exchange rate fluctuations on our future operating results. For

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the years ended 31 December 2007, 2008 and 2009, our net foreign exchange gain/loss amounted to a gain of HK\$0.5 million, a gain of HK\$0.9 million and a loss HK\$0.4 million respectively. In the event that foreign exchange rates for the relevant currencies fluctuate or we are unable to effectively hedge our foreign currency exposures, our profitability and financial performance may be adversely affected.

Foreign exchange control may limit our ability to utilise our cash effectively and affect our ability to receive dividends and other payments from our joint venture

Our joint venture in Vietnam is subject to the rules and regulations on currency control imposed by the Vietnamese government. Even though the revenue of our Vietnamese operation (through the joint venture) accounted for only 0.8%, 0.7% and 0.9% of the Group's revenue during the Track Record Period, if its operations expand in the future, it may contribute a significant portion of the Group's future revenue and profit. Currently under Vietnam's foreign currency control, foreign investors who are investing in Vietnam are allowed to purchase foreign currency by using their distributed dividend and remit to such purchased amount out of the country, provided that the foreign investors have fulfilled all their tax obligations to the Vietnamese government. The procedures for remitting the distributed dividend and other legal profit earned in Vietnam have recently been streamlined. When a foreign investor wishes to remit its profit abroad, it must prepare a Declaration of Transfer of Profits Abroad and send it to the local tax office which has jurisdiction over tax issues of the investor's company. The tax office has the obligation to certify the amount of taxes paid by the company during the relevant taxation periods and the amount which it is allowed to remit abroad. Based on this certification, the bank will transfer the dividend/profit of the foreign investor abroad.

There is no guarantee that such currency control rules and regulations would not change in the future and it is uncertain whether such change may adversely affect our business operation.

Intense competition in the tower crane industry in which we operate could reduce our market share and profits

The entry barrier to the tower crane trading or rental industry is relatively low and the tower crane sector is largely unregulated. The major barriers to entry include (i) the rules and regulations governing tower crane suppliers, such as safety regulations and technician registration systems; and (ii) the required capital investments in equipment and workshop facilities. While there is no official statistics on the number of tower crane companies in Hong Kong, Macau, Singapore and Vietnam, the competition in the tower crane industry may become more intense. As a result, our technical expertise and service quality may play a less important role and we may have to compete by reducing our price in order to win business. In addition, there is no assurance that our competitors will not develop the expertise, experience and resources necessary to provide services that are superior in quality and/or in price compared to our services. Failure to maintain or enhance our competitiveness within the industry or maintain our customer base may result in decrease in profit margins and loss of market share, and our financial performance and profitability may be adversely affected.

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Regulatory requirements imposed on Mulpha by overseas regulatory bodies may affect our operations

Mulpha is listed on the Main Market of Bursa Malaysia Securities Berhad (being the stock exchange of Malaysia) and is therefore governed by the listing rules of Bursa Malaysia and is subject to local laws and regulations in Malaysia. Upon the Listing, the Company will remain a subsidiary of Mulpha, which will hold as to 75% of the Company's equity interest assuming the Offer Size Adjustment Option is not exercised. Therefore, the Company and the Group may also be affected by the requirements, governance and limitations imposed by the Bursa Malaysia, which may include rules in relation to connected transactions, dividends and distributions, acquisition or disposal of assets, and/or issuance and allotment of Shares and debt securities. In addition, the Group's operations may be affected by any change in the requirements of Bursa Malaysia and/or other laws and regulations applicable to Mulpha and its subsidiaries.

RISKS RELATING TO OWNERSHIP OF SHARES

The trading price of the Shares may be volatile which could result in substantial losses for investors subscribing for Offer Shares in the Share Offer

Following the Share Offer, the market price of our Shares may fluctuate substantially as a result of, among other things, the following factors, some of which are beyond our control:

- variations of the results of our operations;
- changes in securities analysts' estimates of our financial performance;
- investors' perceptions of the Group and the general investment environment;
- changes in laws and regulations which adversely affect our operations;
- success or failure of our efforts in implementing business and growth strategies;
- fluctuations in stock market prices and trading volume;
- involvement in litigation;
- recruitment or departure of key personnel; and
- general economic and stock market conditions.

Moreover, in recent years, stock markets in general have experienced price and volume fluctuations, some of which were unrelated or did not fully correspond to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

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No prior market exists for our Shares and an active or liquid market for our Shares may not develop

Prior to the Share Offer, there has been no public market for our Shares. The Offer Price was the result of negotiation between us and the Underwriter, and the Offer Price may differ significantly from the market price of our Shares following the Share Offer. The Stock Exchange will be the only market on which our Shares are listed. We are not able to assure investors that an active public market will develop or be sustained after this Share Offer. There is also no assurance that the market price of our Shares will not decline below the Offer Price. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of our Shares may be materially and adversely affected. Furthermore, the market price of our Shares may be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, discrepancy between the actual operating and financial results and those expected by investors and analysts, the general market conditions and broad market fluctuations.

Future sale of the Shares or major divestment of Shares by any major shareholder could adversely affect the Share price

The sale of a significant number of Shares in the public market after the Share Offer, or the perception that these sales may occur, could adversely affect the market price of Shares. There is no assurance that our major Shareholders would not dispose of their shareholdings. Any major disposal of Shares by any of the major Shareholders may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise capital.

Investors in the Share Offer may experience dilution if we issue additional Shares in the future

In order to expand our business, we may consider offering and issuing additional Shares in the future. Investors of our Shares may experience dilution in the net tangible asset book value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the then net tangible asset book value per Share.

The interest of our Controlling Shareholders may not always coincide with our interests and those of our other shareholders

Upon the completion of the Share Offer, our Controlling Shareholders will own, in the aggregate, 75.0% of our Shares, assuming the Offer Size Adjustment Option is not exercised, and approximately 72.3%, if the Offer Size Adjustment Option is exercised in full. The Controlling Shareholders will be in a position which has significant influence over the operations and business strategy of our Company, and may have the ability to require us to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with our or your best interests. If the interests of any of our Controlling Shareholders conflict with our and/or your interests, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with our and/or your interests, our Company or those other Shareholders, including you, may be adversely affected as a result.

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We cannot assure that we will pay dividend in the future or at all

We cannot assure investors that we will pay dividend in the future or at all. Potential investors should be aware that we have only paid dividend once during the Track Record Period, where one of our subsidiaries paid dividends amounted to HK\$9.5 million in the financial year ended 31 December 2008. Whether dividend will be distributed and the amount of dividend will depend upon our profitability, financial condition, business development requirements, future prospects and cash requirement of the Group. Any declaration, payment and amount of dividend will be subject to, among other things, our constitutional documents and the Cayman Island laws.

RISKS RELATING TO THE SHARE OFFER

Certain facts, forecasts and other statistics with respect to the demographic information, economy and construction sectors in Singapore and Hong Kong contained in this prospectus have not been independently verified

Facts, forecasts and other statistics in this prospectus relating to Hong Kong and Singapore, their respective economy and the information of the sectors in which our major customers operate have been derived from various official government publications. There can be no assurance as to the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sponsor, the Underwriter or any of our or their respective affiliates, directors or advisers and, therefore, the aforementioned or parties involved in the Share Offer make no representation as to the accuracy of such facts, forecasts and statistics contained in such official government publications.

In all cases, investors should not unduly rely on and should give consideration as to how much weight or importance they should place on such facts, forecasts or statistics.

WAIVER FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The Group's business has been and will continue to be focused mainly on Hong Kong and Singapore markets, and both are expected to have substantial revenue contributions.

The Board will comprise 3 executive Directors and 3 independent non-executive Directors. Out of the 3 executive Directors, Mr. Lai, who is mainly responsible for the day-to-day operations of the Group's business operations in Hong Kong, is ordinarily resident in Hong Kong. Mr. Chung, being the chief executive director of Mulpha (the Controlling Shareholder), is required to be based in Malaysia to carry out his duty for Mulpha but could travel regularly between Hong Kong and Malaysia. The other executive Director, namely Mr. Quek, who is the Company's chief executive officer, is responsible for the Group's overall business operations in Singapore, Hong Kong and Vietnam. He travels among these places and is generally based in Singapore.

Due to the diverse geographical focus of the Group's business as set out above, the Directors consider that it would be practically difficult and commercially infeasible for the Company to appoint two Hong Kong residents as executive Directors and station them in Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules.

An application has thus been made to the Stock Exchange for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 of the Listing Rules and such waiver has been granted by the Stock Exchange. The arrangements proposed by our Company for maintaining at all times regular, adequate and effective communication with the Stock Exchange for the purpose of Rule 8.12 of the Listing Rules are as follows:

- (a) The Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as the Company's principal communication channel with the Stock Exchange and will ensure that the Group complies with the Listing Rules at all times. The two authorised representatives appointed are Mr. Lai, an executive Director, and Mr. Tsui Wing Tak, the company secretary of the Company, both of whom are ordinarily resident in Hong Kong;
- (b) at present, each of Mr. Chung and Mr. Quek holds valid travel documents issued by the respective authorities of Malaysia and Singapore, which entitles them to travel to Hong Kong at any time when necessary;

WAIVER FROM COMPLIANCE WITH THE LISTING RULES

- (c) each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon request and will be readily contactable by telephone, facsimile or email. Each of the two authorised representatives has been duly authorised to communicate on behalf of the Company with the Stock Exchange;
- (d) in addition, the Company has appointed a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will also act as the Company's communication channel with the Stock Exchange;
- (e) both authorised representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact members of the Board for any matters. The Company will implement a policy whereby (a) each Director will provide his mobile phone number, fax number and email address to the authorised representatives; (b) each Director will provide contact details or means of communication to the authorised representatives when he travels; and (c) each Director will provide his mobile phone number, residential phone number, office phone number, fax number and email address to the Stock Exchange and inform the Stock Exchange of any change thereof as soon as practicable; and
- (f) all those Directors who are not ordinarily resident in Hong Kong have confirmed and undertaken that they possess and will possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period time, when required.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

UNDERWRITING

The Share Offer comprises the Public Offer of initially 5,000,000 Shares and the Placing of initially 45,000,000 Shares (subject, in each case, to adjustment on the basis described in the section headed "Structure of the Share Offer" in this prospectus).

This prospectus is published solely in connection with the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms contain the terms and conditions of the Public Offer. The listing of the Shares on the Stock Exchange is sponsored by Altus Capital. Pursuant to the Underwriting Agreement, the Public Offer is underwritten by the Public Offer Underwriter on a conditional basis. The Placing is managed by the Lead Manager and will be underwritten by the Placing Underwriter. Further details about the Underwriter and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON SALE OF SHARES

No action has been taken to permit a public offer of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Public Offer Shares under the Public Offer will be required to confirm, or be deemed by his acquisition of Public Offer Shares to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by the Company, the Underwriter, the Sponsor, the Lead Manager, any of their respective directors, officers, employees, agents or representatives, or any other persons or parties involved in the Share Offer.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, Shares in issue and to be issued pursuant to the Loan Capitalisation, the Capitalisation Issue and the Share Offer (including Shares which may fall to be issued pursuant to the exercise of the Offer Size Adjustment Option) and upon the exercise of options which may be granted under the Share Option Scheme, being up to 10% of the Shares in issue on the Listing Date.

Save as disclosed herein, no part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Stock Exchange.

HONG KONG BRANCH REGISTER OF MEMBERS AND STAMP DUTY

All Shares in issue or to be issued pursuant to the Share Offer and any Shares to be issued upon exercise of any option which may be granted under the Share Option Scheme for dealing on the Stock Exchange will be registered on our Company's branch register of members to be maintained in Hong Kong. Our Company's principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange.

Dealings in the Shares registered in our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the Shareholders listed on the branch register of members in Hong Kong of the Company, by ordinary post, at the Shareholders' risk, to the registered address of each shareholder of the Company.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as HKSCC chooses.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Settlement of transaction between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares. It is emphasised that none of the Company, the Underwriter, the Sponsor, the Lead Manager and any of their respective directors, supervisors, agents or advisers or any other persons or parties involved in the Share Offer accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription for, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

PROCEDURES FOR APPLICATION FOR SHARES

The procedures for applying for the Public Offer Shares are set out in the section headed “How to apply for the Public Offer Shares” and on the relevant Applications Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure of the Share Offer” in this prospectus.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Singapore dollar, US dollar and/or Vietnamese dong amounts into Hong Kong dollar amounts or vice versa at specified rates. You should not construe these translations as representations that Singapore dollar, US dollar and/or Vietnamese dong amounts could actually be converted into Hong Kong dollar amounts or vice versa at the rates indicated or at all. For the purpose of this prospectus and for reference only, unless we indicate otherwise, the translations of Singapore dollar amounts into Hong Kong dollar amounts have been made at the rate of S\$1.00 to HK\$5.50. The translations of Vietnamese Dong amounts into Hong Kong dollar amounts have been made at the rate of VND2,400 to HK\$1.00, and the translation of US dollar amounts into Hong Kong dollar amounts have been made at the rate of US\$1.00 to HK\$7.8. Such conversions shall not be construed as representations that amounts in Singapore dollars, VND or RM were or could have been or could be converted into HK\$ at such rates or any other exchange rates on such date or any other date.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Address	Nationality
<i>Executive Directors</i>		
Chung Tze Hien	11 Changkat Suria Mont Kiara Residence Jalan Kiara 2, Mont Kiara 50480 Kuala Lumpur Malaysia	Malaysian
Quek Chang Yeow	Block 203 Bukit Batok Street 21 #02-36 Singapore 650203	Singaporean
Lai Siu Shing	19C, Tower 6 Ocean Shores 88 O King Road Tseung Kwan O New Territories Hong Kong	Chinese
<i>Independent Non-executive Directors</i>		
Cheung Chi Wai Vidy	Flat B, 18/F Tak Cheong Court 19 Tak Cheong Lane Yaumatei Kowloon Hong Kong	Chinese
Lau Wing Yuen	Flat H, 8/F, Block 11 Costa Del Sol Laguna Verde Hung Hom Kowloon, Hong Kong	Chinese
Louie Chun Kit	Flat 810, Block J Kornhill Quarry Bay Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Sponsor	Altus Capital Limited 8th Floor, Hong Kong Diamond Exchange Building 8 Duddell Street Central Hong Kong
Placing Underwriter	Get Nice Securities Limited 10th Floor, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong
Public Offer Underwriter	Get Nice Securities Limited 10th Floor, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong
Legal advisers to the Company	<i>As to Hong Kong law</i> Winnie Mak, Chan & Yeung 8th Floor, Two Chinachem Plaza 68 Connaught Road Central Hong Kong <i>As to Singapore law</i> TanJinHwee LLC 105 Cecil Street #23-00 The Octagon Singapore 069534 <i>As to Macau law</i> Leong Hon Man Law Office Avenida da Praia Grande no.409 China Law Building, 12/F Macau <i>As to Vietnam law</i> Tilleke & Gibbins Consultants Limited HAREC Building, 4th Floor 4A Lang Ha Street Ba Dinh District Hanoi, Vietnam <i>As to Cayman Islands law</i> Appleby 8th Floor, Bank of America Tower 12 Harcourt Road, Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to PRC law

HAIBU Attorneys-at-law (“廣東海埠律師事務所”)
Haibu House, Mingshang Golf Club
111 Shahe East Road
Nanshan, Shenzhen
PRC

**Legal advisers to the Sponsor
and the Underwriter**

P. C. Woo & Co.
12th Floor, Prince’s Building
10 Chater Road, Central
Hong Kong

Auditors and reporting accountants

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

Professional Surveyor

LCH (Asia-Pacific) Surveyors Limited
17th Floor, Champion Building
287-291 Des Voeux Road Central
Hong Kong

Receiving bankers

Standard Chartered Bank (Hong Kong) Limited
15/F, Standard Chartered Tower
388 Kwun Tong Road
Kwun Tong
Hong Kong

CORPORATE INFORMATION

Registered office	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarter and principal place of business in Hong Kong	Unit H, 9/F, Valiant Industrial Centre 2-12, Au Pui Wan Street, Fotan New Territories Hong Kong
Principal place of business in Singapore	10, Tuas Drive 2 Singapore 638645
Company homepage	www.mantagroup.com.hk
Company secretary	Mr. Tsui Wing Tak (<i>HKICPA</i>)
Authorised representatives	Mr. Lai Siu Shing 19C, Tower 6 Ocean Shores 88 O King Road Tseung Kwan O New Territories Hong Kong Mr. Tsui Wing Tak Flat G, 32/F, Tower 7 2 Mei Tung Street Tung Chung Crescent, Phase 2 Tung Chung Lantau Island Hong Kong
Audit Committee	Mr. Louie Chun Kit (<i>Chairman</i>) Mr. Cheung Chi Wai Vidy Mr. Lau Wing Yuen
Remuneration Committee	Mr. Chung Tze Hien (<i>Chairman</i>) Mr. Cheung Chi Wai Vidy Mr. Lau Wing Yuen Mr. Louie Chun Kit
Nomination Committee	Mr. Quek Chang Yeow (<i>Chairman</i>) Mr. Cheung Chi Wai Vidy Mr. Lau Wing Yuen Mr. Louie Chun Kit

CORPORATE INFORMATION

Principal share registrar and transfer office	Appleby Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal bankers	<i>Hong Kong</i> DBS Bank (Hong Kong) Limited G/F, 131-137 Woo Sung Street Jordan, Kowloon Hong Kong <i>Singapore</i> United Overseas Bank Limited 80, Raffle Place, #11-00 UOB Plaza 1 Singapore 048624 DBS Bank Limited 6 Shenton Way, #11-08 DBS Building Tower Two Singapore 049907
Compliance Adviser	Altus Capital Limited

INDUSTRY OVERVIEW

The information and statistics in the section below have been derived from various government official publications or obtained from communications with various government agencies unless otherwise indicated. The information derived from government official publications has not been prepared or independently verified by us or the Underwriter, the Sponsor, the Lead Manager or any of their respective affiliates or advisers, and may not be consistent with other information compiled within or outside Hong Kong, Singapore and Vietnam. We have taken reasonable care in the extraction, compilation and reproduction of the information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. None of the reports and publications indicated in the section where the information and statistics in the section has been derived from is commissioned by us or our connected persons, the Underwriter, the Sponsor, or the Lead Manager. The Sponsor, the Underwriter, the Lead Manager and their respective directors and advisers make no representation as to the accuracy of such information and statistics.

OVERVIEW OF OUR MAJOR MARKETS

Hong Kong

The Hong Kong economy is highly dependent on international trade and finance as evidenced by the adverse impact caused by the global financial crisis which resulted in its GDP shrinking by 3.6% year-on-year in 2009 (as illustrated in Table 1 below). In response to the crisis, the Hong Kong government released a HK\$100 billion stimulus plan. After contracting for four consecutive quarters since March 2008, the seasonally adjusted real GDP registered its first positive growth of 3.3% quarter-on-quarter in the second quarter of 2009 and has stabilised since. The Hong Kong government expects the Hong Kong economy to recover in the course of 2010 helped by greater spending on infrastructure projects. According to the International Monetary Fund (the “IMF”), the Hong Kong economy is expected to grow by 3.5% in 2010 and above 4% for the subsequent three years.

Table 1 Hong Kong’s Real Gross Domestic Product Changes

Year	Real GDP year-on-year change (%)
2000	8.0
2001	0.5
2002	1.8
2003	3.0
2004	8.5
2005	7.1
2006	7.0
2007	6.4
2008	2.4
2009 (estimated)	-3.6

Source: International Monetary Fund, World Economic Outlook Database, October 2009

INDUSTRY OVERVIEW

Singapore

Singapore's economy is dependent mainly on manufacturing, business and financial services, as well as wholesale and retail trades, which in aggregate accounted for approximately 64% of the country's GDP in 2008. Singapore has similarly been susceptible to the global credit crisis in 2008 and 2009. In response to the credit crisis, the Singapore government implemented a S\$20.5 billion (HK\$112.8 billion) "Resilience Package" in 2009, with S\$4.4 billion (HK\$24.2 billion) committed to public sector infrastructure, development of suburban area and health and education improvements. Despite the shrinkage of overall GDP for the first three quarters of 2009, the construction sector was one of the few sectors to contribute positively to GDP growth. In light of the economic recovery, the IMF projects Singapore's GDP to grow by more than 4% each year between 2010 and 2014.

Table 2 Singapore's Real Gross Domestic Product Changes

Year	Real GDP year-on-year change (%)
2000	10.1
2001	-2.4
2002	4.1
2003	3.8
2004	9.3
2005	7.3
2006	8.4
2007	7.8
2008	1.1
2009 (estimated)	-3.3

Source: International Monetary Fund, World Economic Outlook Database, October 2009

INDUSTRY OVERVIEW

Vietnam

Vietnam is a developing country which experienced rapid growth in recent years. Since 2001, Vietnamese authorities have reaffirmed their commitment to economic liberalisation and international integration. They have moved to implement the structural reforms needed to modernise the economy and to produce more competitive, export-driven industries. Vietnam's membership in the ASEAN Free Trade Area (AFTA) and entry into force of the US-Vietnam Bilateral Trade Agreement in December 2001 and the subsequent entry to the WTO in January 2007 have led to even more rapid changes in Vietnam's trade and economic regime. Despite the global economic downturn in 2008, the year-on-year growth of Vietnam's GDP was 6.2% in 2008 and is expected to be around 4.6% in 2009. It is expected that GDP growth will continue at a steady rate in the next few years.

Table 3 Vietnam's Real Gross Domestic Product Changes

Year	Real GDP year-on-year change (%)
2000	6.8
2001	6.9
2002	7.1
2003	7.3
2004	7.8
2005	8.4
2006	8.2
2007	8.5
2008	6.2
2009 (estimated)	4.6

Source: International Monetary Fund, World Economic Outlook Database, October 2009

INDUSTRY OVERVIEW

SUPPLY AND DEMAND FOR LIFTING EQUIPMENT

Import of tower cranes

In the major markets we operate, tower cranes demands are mainly fulfilled by imported products from overseas manufacturers. The value of the imported tower crane varied from time to time based on the demands for tower cranes which are influenced by the overall economy. The following sets out the value of imported tower cranes for Hong Kong and Singapore from 2000 to 2008.

Table 4 Tower cranes import statistics

Year	Import value			
	Hong Kong		Singapore	
	(US\$)	(HK\$ equivalent)	(US\$)	(HK\$ equivalent)
2000	4,517,727	35,238,271	1,360,719	10,613,608
2001	5,187,103	40,459,403	2,867,935	22,369,893
2002	3,653,918	28,500,560	8,279,897	64,583,197
2003	1,172,260	9,143,628	4,797,952	37,424,026
2004	3,867,052	30,163,006	3,960,546	30,892,259
2005	5,846,869	45,605,578	11,581,928	90,339,038
2006	11,126,806	86,789,087	10,954,560	85,445,568
2007	16,861,723	131,521,439	28,868,188	225,171,866
2008	19,287,008	150,438,662	74,946,324	584,581,327

Source: The United Nations Commodity Trade Statistics Database ("UN Comtrade"), United Nations Statistics Division

Our tower cranes are supplied mainly to the construction and infrastructure sectors. Historically, these sectors in Hong Kong and Singapore have been volatile, as evidenced by the fluctuation of value of construction projects.

Construction sector in Hong Kong

According to the statistics from the Census and Statistics Bureau, the total value of construction work in Hong Kong declined from approximately HK\$115 billion in 2000 to approximately HK\$98 billion in 2005 and has stabilised at that level since.

The large decline is due principally to continued reduction in the level of public spending on construction. In recent years however, the Hong Kong government has acknowledged the need for increased public spending to stimulate the construction industry, and has announced plans of several major public infrastructure projects.

INDUSTRY OVERVIEW

Table 5 Construction Work Performed by Main Contractors in Hong Kong

Year	Construction Sites		Others	Total
	Private sector	Public sector		
	<i>(HK\$ million, at 2000 market prices)</i>			
2000	35,147	47,379	32,165	114,691
2001	38,714	40,510	32,161	111,385
2002	42,805	33,066	32,806	108,677
2003	38,433	34,648	33,192	106,274
2004	31,984	30,615	38,016	100,615
2005	30,043	24,154	44,077	98,275
2006	28,107	18,249	49,913	96,269
2007	31,581	15,340	49,922	96,844
2008	33,272	14,613	49,139	97,024
2009	30,696	17,055	45,932	93,683

Source: Census and Statistics Department, Hong Kong

Hong Kong private construction

The total amount spent on private construction has remained relatively stable although in terms, the usable floor area completed and the number of private residential units built have been lower in 2007, 2008 and 2009 as compared to those in 2006 as shown in the table below.

Table 6 Usable floor areas of new building completed

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Usable floor area</i> ('000 sq.m.)	1,537	2,238	1,675	1,647	1,227	1,389	996	1,097	815

Source: Buildings Department, Hong Kong Government, which is responsible for the private building sector of Hong Kong

Table 7 Private Residential Units Constructed

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of private residential units	18,300	17,800	14,100	14,000	15,000	17,300	12,900	8,000	8,200

Source: The Transport and Housing Bureau, Hong Kong Government

INDUSTRY OVERVIEW

Hong Kong public construction

Hong Kong's construction industry has slowed down since 1997 after the completion of the Airport Core Program. To support long term economic growth, and in an effort to stimulate the economy, the Hong Kong government has proposed large increases in public spending on infrastructure projects. In 2007, the Chief Executive established the Development Bureau, responsible for implementing a proposed 10 large infrastructure projects which include the extension of railway networks, the building of the Hong Kong-Zhuhai-Macao Bridge, and the development of West Kowloon Cultural District and Kai Tak Cruise Terminal. These projects are long term and are in early stages of planning and construction. The total spending on these future infrastructure projects are expected to reach HK\$250 billion, and their direct impact on the Hong Kong construction industry is expected to last for the next few years.

A main reason for the decline in public construction spending between 2000 and 2006 was due to the decrease in public housing projects as shown in the table below. Nevertheless, the number of units to be constructed in the next few years is projected to remain largely stable.

Table 8 Public residential units constructed by the Housing Authority from 2001 to 2009, and the projected units to be constructed from 2009 to 2013

Year	2001	2002	2003	2004	2005	2006	2007	2008
Actual number of units constructed	29,817	20,390	15,148	24,682	17,153	7,192	13,726	19,050
Year	2009	2010	2011	2012	2013			
Projected number of units to be constructed	15,400	13,700	13,900	15,600	15,800			

Source: Housing Authority, Hong Kong

Overall outlook

Looking forward, in view of the recovery of the global economy, the government's stimulus plan and the ongoing infrastructure plans, demand for new buildings in both private and public sectors is expected to improve.

Construction sector in Singapore

According to the statistics from the Singapore Building Construction Authority (the "BCA") as illustrated in Table 9, construction activities has shown double digit growth for three consecutive years from 2006 to 2008. However, construction demand in Singapore decreased significantly in 2009 due to effects of the global financial crisis where total value of construction contracts decreased from S\$35.7 billion to a preliminary estimate of S\$21.0 billion in 2009.

INDUSTRY OVERVIEW

Table 9 Construction contracts awarded by value

Year	Public construction	Private construction (S\$ million)	Total
2000	12,108.4	8,054.4	20,162.8
2001	7,331.9	6,969.7	14,301.6
2002	9,642.3	4,844.3	14,486.6
2003	5,370.5	4,647.9	10,018.4
2004	4,574.6	5,712.8	10,287.4
2005	3,984.8	7,471.4	11,456.2
2006	3,742.5	13,054.2	16,796.7
2007	5,699.9	18,760.0	24,459.9
2008	15,481.5	20,202.6	35,684.1
2009	13,512.1	7,495.2	21,007.3

Source: Building Construction Authority, Singapore

Total value of construction projects in Singapore has been buoyed by private construction spending, which outstripped public spending between 2004 and 2008. Due to the economic downturn in 2009, private construction spending declined by about 63% to S\$7.5 billion in 2009.

The following table is a breakdown of the value of construction contracts awarded in Singapore by categories for the years 2007 to 2009.

Table 10 Construction contracts awarded by categories

Year		2007	2008 (S\$ million)	2009
Civil engineering	— public	2,102.5	7,719.6	8,067.4
	— private	903.6	898.6	699.6
Residential buildings	— public	1,809.8	4,676.9	2,771.8
	— private	5,551.2	6,396.7	3,525.8
Commercial buildings	— public	104.6	143.7	67.6
	— private	5,125.7	8,311.9	1,222.5
Industrial buildings	— public	192.0	61.7	189.4
	— private	6,775.5	3,679.4	1,523.5
Institutional buildings	— public	1,491.1	2,879.6	2,415.9
	— private	403.9	916.0	523.7
Total		24,459.9	35,684.1	21,007.3

Source: Building Construction Authority, Singapore

INDUSTRY OVERVIEW

Civil engineering

Civil engineering projects generally refer to the infrastructure projects and public facilities, which are driven by government policies and city planning. In 2009, civil engineering public demand was fuelled by large contracts for the Mass Rapid Transit, Marina Coastal Expressway, Jurong Rock Cavern, and International Cruise Terminal. The BCA forecasted that the aggregate civil engineering construction demand in 2010 will remain at between S\$7.5 billion and S\$8.8 billion.

Public residential buildings

According to the Singapore Department of Statistics as of 2008, about 80% of the population lives in flats built by the HDB. Public spending on residential projects in Singapore slowed in 2009 due to a drop in the HDB flat construction. The HDB's Build-To-Order program has however met with strong demand and the BCA expects that this program along with other HDB programs will contribute approximately S\$1.0 billion to construction demand in 2010, driving public residential construction to between S\$3.3 billion and S\$3.7 billion in 2010, above the level in 2009 of approximately S\$2.8 billion.

Private residential buildings

After strong years in 2007 and 2008, the financial crisis has adversely affected the private residential market, resulting in the value of private residential construction projects falling sharply in 2009. However, market confidence has improved since the second quarter of 2009 as evidenced by the substantial increase in the value of private residential contracts awarded in the fourth quarter compared with the first three quarters of 2009.

The BCA expects private residential construction demand will be between S\$3.0 billion and S\$3.6 billion in 2010, which is an improvement as compared with the demand in 2009.

Public and private commercial buildings

Projects for commercial buildings have been largely driven by private construction spending. In 2009, due to the global economic downturn, Singapore experienced a substantial slowdown in both public and private commercial buildings construction activities, value of which in aggregate decreased by 85% from S\$8.5 billion in 2008 to S\$1.3 billion in 2009. There remained significant pressure on the commercial property market in Singapore in the second and third quarter 2009 as oversupply of office space in the market persisted due to fast expansion in previous years.

The BCA forecasts that demand for office buildings will remain weak with a possibility of slight recovery in 2010. Total value of public and private commercial construction projects is forecasted at between S\$1.7 billion and S\$2.1 billion in 2010.

INDUSTRY OVERVIEW

Public and private industrial buildings

Supply of industrial buildings has historically been driven by private projects and total industrial demand is expected to increase to between S\$2.7 and S\$3.7 billion in 2010. The BCA expects that economic recovery will encourage industrialists to reinvest in Singapore spurring private industrial demand which is expected to be between S\$1.3 billion and S\$2.0 billion in 2010, as compared with approximately S\$1.5 billion in 2009.

Public and private institutional and other buildings

Demand for institutional buildings, such as schools and government amenities, has historically been driven by public spendings and was less affected by the economic downturn. In view of upcoming projects including campus expansion of Institutes of Higher Learning, and development of healthcare facilities in the private and public sectors, the BCA forecasts that private and public demand of institutional buildings for 2010 will be in line with 2009 levels.

Overall outlook

The BCA projected total construction demand for 2010 to be between S\$21 billion and S\$27 billion, and those for 2011 and 2012 to average between S\$18 billion and S\$25 billion. The BCA expects that public construction spending will remain a key driver for construction demand in Singapore and account for around 65% of the total spending on construction projects in 2010. Meanwhile, private construction spending is expected to make a turnaround due to improved market confidence.

REGULATORY ENVIRONMENT

LAWS AND REGULATIONS RELATING TO TOWER CRANES RENTAL, TRADING AND SERVICING

During the Track Record Period, as confirmed by our legal advisers, our Group's subsidiaries have complied with all laws and regulations applicable to our operations and have obtained all of the required certificates and licences to carry out our tower crane trading, rental and servicing businesses in each of the markets we serve, namely Hong Kong, Macau, Singapore and Vietnam. Set out below is a summary on the major applicable laws and regulations and relevant certificates and licences required for our operations in each market.

Hong Kong

Other than the Companies Ordinance and requirement of business registration applicable to companies in Hong Kong, there is no legal regulation requiring tower crane suppliers in Hong Kong to obtain specific operating licence from the government in order to carry out tower crane rental and trading activities. Notwithstanding, during the provision of service, including the installation, operation, inspection, maintenance and dismantling of tower cranes, tower crane suppliers are required to abide by relevant laws and regulations summarised as follows:

1. *Factories and Industrial Undertakings Ordinance (the "FIU Ordinance"), Chapter 59 of the Laws of Hong Kong*

The FIU Ordinance provides that the proprietor of a construction work undertaking shall not employ any person to carry out construction work at the undertaking unless that person has been issued a valid certificate for attending a safety training course recognised by the Commission for Labour. Such person employed at the undertaking shall carry the certificate with him while at work at the undertaking and shall produce the same upon demand.

2. *Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (the "Regulations")*

Safety of tower cranes used at construction sites is mainly regulated by the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (Chapter 59J of the Laws of Hong Kong) administered by the Labour Department.

The Regulations lay down requirements with respect to the construction, inspection, testing, thorough examination, operation, erection, dismantling and alteration of lifting appliances, including tower cranes. For instance, the Regulations specifically require the owner, among other matters, to ensure that all lifting appliances shall be of good mechanical construction, made of strong and sound materials, free from patent defect and properly maintained, and that the arrangements for fixing and anchoring the appliance are adequate to secure its safety.

Pursuant to the Regulations, the owner shall ensure that the crane can only be operated by a person who (i) has attained the age of 18 years; (ii) holds a valid certificate issued by the Construction Industry Council or any other person specified by the Commissioner for Labour; and (iii) in the opinion of the owner, is competent to operate the crane by virtue of his experience.

REGULATORY ENVIRONMENT

For the purposes of the Regulations, ‘owner’, in relation to any lifting appliance or lifting gear, includes the lessee or hirer thereof, and any overseer, foreman, agent or person in charge or having the control or management of the lifting appliance or lifting gear, and the contractor who has control over the way any construction work which involves the use of the lifting appliance or lifting gear is carried out and, in the case of a lifting appliance or lifting gear situated on or used in connection with work on a construction site, also includes the contractor responsible for the construction site.

3. *Code of Practice for Safe Use of Tower Cranes (the “Code”)*

The Code is prepared by the Occupational Safety and Health Branch of the Labour Department. It is approved and issued by the Commissioner for Labour under Section 7A of the FIU Ordinance to complement the legislative framework at an operational level. It provides a practical guidance to the industry as to how to use tower cranes safely and properly with a view to assisting the duty holders in preventing accidents.

The Code provides guidance on the safe use and operation of tower cranes to ensure safety of personnel working at or near by those cranes. It covers management and planning of lifting operations of tower cranes, requirements for operations, slingers and signallers, siting, erection, dismantling, maintenance and testing of tower cranes. It also contains guidance pertaining to the selection, safe use and specific precautions when tower cranes are operating within a workplace.

Although failure to observe any guidance contained in the Code is not in itself an offence, that failure may be taken by a court in criminal proceedings as a relevant factor in determining whether or not a person has breached any of the provisions of the regulations to which the guidance relates.

Extracted below are some relevant codes in relation to testing, examination and inspection, and the responsibilities and requirements of the owner, crane operator, slinger and signaller.

There are statutory requirements governing the testing, examination and inspection of tower cranes pursuant to the Regulations. Daily inspection shall be carried out by a competent person whilst test and examination shall be carried out by a competent examiner. The Code provides the requirements of testing, thorough examination and inspections of tower cranes. Testing of tower cranes should conform to British Standard 7121 or equivalent standards. The Guidance Notes on Inspection, Thorough Examination and Testing of Lifting Appliances and Lifting Gear issued by the Labour Department also provide practical guidance in this regard as prescribed under the Regulations to ensure their safety and reliability.

When a tower crane is climbed within a building or structure by means of its climbing frames and ladders, or when its height is raised by adding sections to the tower, or when there is an alteration in the ties which connect it to a structure so that its normal free-standing height can be exceeded, this constitutes an alteration to the anchorage and/or the structure of the crane which shall therefore be re-tested in accordance with statutory requirements.

The test should include the testing of the hydraulic system for jacking up the tower crane with climbing ladder or addition of masts with climbing cage for alteration of working height of tower crane.

REGULATORY ENVIRONMENT

A competent person or competent examiner who has carried out any test, inspection or examination shall deliver forthwith, or within a reasonable time thereafter, to an owner a report or certificate of such test, inspection or examination. For the purpose of the Regulations, a competent person means a person who is (i) appointed by the owner required by those regulations to ensure that the duty is carried out by a competent person; and (ii) by reason of training and practical experience, competent to perform the duty. A competent examiner means a person who is (i) appointed by the owner required by those regulations to ensure that the test and examination is carried out; (ii) a registered professional engineer registered under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) within a relevant discipline specified by the Commissioner for Labour; and (iii) by reason of his qualifications, training and experience, competent to carry out the test and examination.

Where a test or a thorough examination shows that a crane is in a safe working order, the competent examiner shall deliver the test or examination certificate to the owner of the crane within 28 days after the test or the thorough examination.

Where a test or a thorough examination shows that a crane cannot be used safely unless certain repairs are carried out, the competent examiner shall immediately inform the owner of the crane of that fact and shall, within 14 days after the test or the thorough examination, deliver a report to the owner of the crane and a copy of it to the Commissioner for Labour.

A competent examiner or competent person shall not deliver to an owner a certificate or make a report which is to his knowledge false as to a material particular. All test certificates or copies of certificates and related documents shall be kept in the cranes or be available on the site of operation.

In Hong Kong, crane erectors (involving in the installation, jacking-up and dismantling of tower cranes) are required to attend training courses offered by the Construction Industry Council Training Academy (CICTA or 建造業議會訓練學院) in order to qualify for the safety certificates issued by the Commissioner for Labour. These qualifications are renewable subject to satisfaction of all renewal criteria.

Macau

As confirmed by our legal advisers as to Macau laws, there is no license or permit required for Manta's tower crane trading and rental business in Macau. However, in order to carry out the tower cranes rental and servicing businesses, we shall comply with the operation conditions and requirement stated under 19th of July — Decree Law No. 44/91/M (approval of Regulation on Health and Safety in Civil Construction) and to provide a safe and clean construction condition under 22nd of October — Decree Law No. 57/82/M (approval of General Regulation on Health and Safety on Industrial Work Sites). The non-compliance to the said laws may result in fine and cautious measures in accordance with 14th of September — Decree Law No. 67/92/M (Penalties for infringing the Regulations on Construction Safety and Hygiene) and 19th February — Law 2/83/M (Penalties for infringing the Regulations on Occupational Safety and Hygiene in Industry).

REGULATORY ENVIRONMENT

In Macau, crane erectors have to comply with all the necessary safety conditions of the site. Any installation, fixing, dismantling, modification, examination and maintenance of tower cranes have to be performed by skilled workers under supervision and inspection of qualified personnel of the site. Tower cranes in use have to be examined daily by the operators and have to be examined weekly by the qualified personnel. Examination records by the qualified personnel have to be declared to the regulatory authority, Labour Affairs Bureau of Macau. Crane operators are prohibited from operating any unexamined or undeclared tower cranes.

Singapore

As at the Latest Practicable Date, each of Manta Equipment (S) Pte Ltd and Manta Services (S) Pte Ltd has a Certificate of Approval as an Approved Crane Contractor, issued under the Factories (Operation of Cranes) Regulations, which is valid until 28 February 2011. The following are the major laws and regulations applicable to our Group's operation in Singapore.

1. *Workplace Safety and Health Act (Cap. 354A) (the "WSH Act")*

The WSH Act relates to the safety, health and welfare of persons at work in workplaces including any premises where crane services are carried out.

Persons on whom duties to ensure safety at workplace, include employers, contractors, subcontractors, occupiers of workplace, suppliers of machinery, erectors, installers or modifiers of equipment, and owners of machinery.

2. *Workplace Safety and Health (General Provisions) Regulations (the "WSHGP Regulations")*

The WSHGP Regulations stipulate, amongst other things, that no hoist or lift shall be used in a factory unless an authorised examiner has tested and examined the hoist, lift, lifting gears, lifting appliances and/or lifting machines, and issued and signed a certificate of test and examination, specifying the safe working load of the such equipment, at such intervals as the WSHGP Regulations specify or as the Commissioner for Workplace Safety and Health may determine.

The WSHGP Regulations also stipulate safety requirements relating to these equipment, including those relating to enclosures, gates, maximum working load, markings, fitting, maintenance, persons competent to operate thereof.

It is the duty of the owner of a lifting gear to ensure that it is of good construction, sound material, adequate strength and free from patent defect, and is properly maintained.

3. *Workplace Safety and Health (Construction) Regulations 2007 (the "WSHC Regulations")*

The WSHC Regulations require occupiers of worksites at which any high-risk construction work is carried out, to implement certain system of work and the taking of precautionary measures, where lifting operations involve tower, mobile or crawler cranes. Where these are used for the first time in a worksite, the WSHC Regulations also require prescribed examination and inspections to be carried out.

REGULATORY ENVIRONMENT

The WSHC Regulations provide that it is the duty of the owner of a crane, an employee's lift or a material handling machinery being used in a worksite to ensure that the crane, employee's lift or material handling machinery is of good construction, sound material and adequate strength, free from patent defects, and properly maintained. It is also the duty of the operator of a crane or material handling machinery used in a worksite to ensure that the crane or machinery, as the case may be, is properly positioned and operated.

It is the duty of the owner of any crane used in a worksite to provide capacity chart (prepared in compliance with the WSHC Regulations) if the capacity of the crane is variable.

4. *Factories (Operation of Cranes) Regulations (the "FOC Regulations")*

No person may operate a mobile crane or tower crane unless he is registered as a crane operator under these Regulations and is the holder of a valid certificate. Qualifications necessary for registration include the completion of the appropriate training course conducted by any institution or organisation acceptable to the chief inspector, sufficient experience in operating such crane, or such other equivalent qualification acceptable to the chief inspector. The chief inspector may also require a current medical certificate as to fitness to operate such crane. Where a person has been admitted on the register of crane operators, the chief inspector will issue him a certificate of registration which is usually valid for a period of two years unless otherwise stated in the certificate.

No person shall employ, cause or permit any person who is not registered as a crane operator under these Regulations to operate a mobile crane or tower crane.

The FOC Regulations also set out the duties of crane operators in connection with the operation of cranes.

No person shall install, repair, alter or dismantle a mobile crane or a tower crane unless he is an approved crane contractor. The FOC Regulations stipulate how such works should be carried out. An "approved crane contractor" means any firm or company which has been approved by the chief inspector in writing.

The owner of any mobile crane or tower crane shall ensure that the crane is tested and certified safe by an approved person for the operations for which it is intended, and the crane shall not be used unless it has been so tested and certified.

The FOC Regulations also stipulate rules relating to the appointment of rigger, signaller and lifting supervisor by occupiers worksites, in connection with the use of cranes.

5. *Rapid Transit Systems (Railway Protection, Restricted Activities) Regulations ("RTS Regulations")*

Under the RTS Regulations, the movement or operation of any crane, whether fixed or mobile, hoist, ladder, drilling or piling equipment, excavator or any other mechanical equipment or vehicle is not allowed within 6 metres of the outermost edge of any part of the railway (whether on or above ground) that is alongside, within the railway safety zone or the railway protection zone.

REGULATORY ENVIRONMENT

6. *Street Works Act (Cap. 320A) (the “SW Act”)*

Under the SW Act, the carrying out of any engineering works (including the operation of any crane, hoist or heavy equipment) within the road structure safety zone without the prior approval of the Land Transport Authority of Singapore, is prohibited.

7. *Other requirements in respect of the age of tower cranes*

In Singapore, each model of tower crane is subject to type approval by the MoM prior to deployment. The MoM also stipulates the maximum useful life of tower cranes. As a result, tower cranes in Singapore typically must not age more than 15 years. In respect of the projects from the HDB, more stringent conditions applies. For example, tower cranes for HDB projects must be registered with the HDB. Though not stipulated formally in the HDB policy, typically tower cranes deployed in HDB projects have age below 10 years.

Vietnam

1. *Quality Requirements under Decision 50 of the Prime Minister*

Decision 50 of the Prime Minister dated 07 March 2006 declares a list of products and goods which must be inspected for quality which includes cranes, mobile lifting frames and other lifting, handling, loading or unloading (including hoists) equipment.

According to Decision 08, when importing these equipment into Vietnam, they must be inspected by the Centres of Industrial Safety Registration (Zone 1, 2 or 3) which is under the Ministry of Labor, Invalids and Social Affairs or other authorised inspection agencies which are appointed from time to time. These equipment must be inspected before the customs clearance. If separate parts or components are imported to Vietnam to reassemble, the inspection agencies will carry out random inspection on the parts. Result of the inspection will be released within twelve (12) working days of the receipt of duly-submitted application.

Customs clearance can be expedited if the equipment imported has been inspected and certified by a foreign inspection agency recognised by the Ministry of Labor, Invalids and Social Affairs and Ministry of Science and Technology.

2. *Safety Requirements*

Cranes and hoists (including tower cranes) are subject to strict labour safety requirements and must be assessed and registered with the local office of the Department of Labour, Invalids and Social Affairs (“DOLISA”) where Manta Vietnam is located. The safety assessment is a pre-condition for DOLISA’s grant of a safety registration certificate and it is Manta Vietnam’s obligation to register the imported tower cranes with DOLISA.

In addition, the activities of operating and preparing lifting equipment such as cranes require labour safety and hygiene certificates.

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Accordingly, a labour safety training program is required to be organised to train the relevant personnel on use of the equipment. After the training program, these personnel will be issued with the Labour Safety and Hygiene Training Certificate certifying their successful completion of the training program. The certificate for the employer will be issued by the local DOLISA which in turn will issue the certificates for the employees.

Manta Vietnam engages only in the business of cranes rental, and it outsources all the installation, dismantling and maintenance service works to subcontractors. Manta Vietnam also does not provide crane operators for the customers. Consequently, Manta Vietnam and its employees are not required to maintain the Labour Safety and Hygiene Certificate.

TAXATION

Hong Kong

We are subject to the corporate profits tax for our operations in Hong Kong. In general, persons, including corporation, partnerships, trustees and bodies of persons carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. Other than the said corporate profits tax, our Group is not subject to any other taxes under the Hong Kong tax laws. The corporate tax rates of Hong Kong were 17.5%, 16.5% and 16.5% for the years ended 31 December 2007, 2008 and 2009 respectively.

Singapore

Corporate income tax

Subject to certain exemptions, both resident and non-resident Singapore corporate taxpayers are subject to Singapore income tax on:

- income accruing in or derived from Singapore; and
- foreign income received or deemed received in Singapore.

However, foreign-sourced dividends, foreign branch profits and foreign-sourced services income (“specified foreign income”) received or deemed received by resident corporate taxpayers in Singapore will be tax-exempt in Singapore if the following conditions are met:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received unless the above specified foreign income were granted exemption or reduction in tax arising from tax incentives granted for substantive activities undertaken in that country;
- (ii) all the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the foreign jurisdiction from which the income is received is at least 15%; and

REGULATORY ENVIRONMENT

(iii) the Inland Revenue Authority of Singapore (“IRAS”) is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

A corporate taxpayer is generally regarded as tax resident in Singapore if the company’s business is controlled and managed in Singapore. Generally, the Board of Directors will control and manage the company; therefore, if the Board of Directors meets and conducts the company’s business in Singapore, the company will be regarded as tax resident in Singapore.

The corporate tax rate in Singapore is currently 17%, with effect from the year of assessment 2010 (i.e. for income of the year or other basis period ended 31 December 2009). In addition, three quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company’s chargeable income otherwise subject to normal taxation (other than Singapore dividends received by the company) are exempt from corporate tax. The corresponding corporate tax rates in Singapore for both the years ended 31 December 2007 and 2008 were 18%.

Dividend distributions

Singapore adopts a one-tier system of corporate taxation. Under this one-tier system, the tax levied on corporate profits is final and the after tax profits distributed as dividend are exempt from Singapore tax in the hands of the shareholder, regardless of whether the shareholder is a corporate or individual shareholder or whether or not the shareholder is a Singapore tax resident.

As all companies are under the one-tier corporate tax system, any dividends paid by our Singapore tax resident subsidiaries would be Singapore tax-exempt dividends.

Withholding tax

Certain payments deemed sourced in Singapore under Sections 12(6) and 12(7) of the Singapore Income Tax Act made to non-Singapore tax residents are subject to Singapore withholding tax. Such payments would include interest, royalties, technical service fees, management fees, rental of movable property and directors’ fees.

Depending on the nature of the payments and the circumstances under which they were paid, the rate of withholding will generally be the prevailing corporate tax rate currently 17% (other than payment made to non-resident directors for which the applicable withholding tax rate is 20%). However, in respect of interest, rental of movable property and non-resident professional service fees, the rate of withholding is 15%. The applicable withholding tax rate of 10% applies to royalties. The applicable withholding tax rate of 17% applies to technical service and management fees. The rates may be reduced by a relevant double tax treaty.

Capital gains

Singapore does not currently impose tax on capital gains. However, certain gains may be construed to be revenue in nature and subject to income tax where they are derived from activities which IRAS regards as constituting a trade or business carried on in Singapore.

REGULATORY ENVIRONMENT

Goods and services tax

Supply of goods and services in Singapore will be subject to GST at the current rate of 7%. Export of goods and international services from Singapore would generally be zero-rated, i.e. subject to GST at 0%.

Any GST incurred by a GST-registered entity in the making of taxable purchases in the course or furtherance of its business may be recoverable from the Controller of GST.

Vietnam

Corporate Income Tax (“CIT”)

All organizations and professional entities, whether established under Vietnamese laws or foreign laws, engaged in the production or trade of goods or services and earning taxable income from such business originating in Vietnam, are subject to CIT. Taxable income includes income earned from production, business and service activities, and other income generated from transfer of capital, real property, or rights to use assets (such as royalties). Vietnamese companies and foreign companies with a resident establishment in Vietnam must also pay CIT on income earned from production or business activities outside Vietnam. The standard CIT rate is 25%.

Value Added Tax (“VAT”)

VAT is a consumption tax imposed on the value added of goods and services. Goods and services used for manufacturing, business and consumption in Vietnam are subject to VAT, except for the non-taxable objects described in the Law on VAT. VAT taxpayers are organizations and individuals engaging in manufacturing and conducting business in value added taxable goods and services, and organizations and individuals importing value added taxable goods.

The standard rate of VAT is 10%, although rates of 0% and 5% are applied to certain goods and services. VAT is calculated based on taxable prices and tax rates.

Export and Import Duties (“EID”)

Under the Law on EID, goods which are exported or imported across Vietnamese borders, or pass between the domestic market and a non-tariff zone, and vice versa, are subject to export or import duties, except for (i) goods in transit, (ii) humanitarian aid goods and goods which are the subject of non-refundable aid, (iii) goods exported abroad from a non-tariff zone, (iv) goods imported from abroad into a non-tariff zone only for consumption there, (v) goods passing between non-tariff zones, and (vi) oil and gas exports subject to royalties.

REGULATORY ENVIRONMENT

Goods are subject to either an ad valorem or specific tax rate. In both cases, the quantity of goods actually imported or exported is used as a tax base. However, in cases where the ad valorem tax rate applies, the Minister of Finance specifies the export tax rate applicable to each item in the Export Tariff which is promulgated by the Ministry of Finance. There are three types of import tax rates: preferential tax rates, particularly preferential tax rates, and ordinary tax rates. Preferential tax rates are given to imports originating from countries with favored trade relations with Vietnam as announced by the Ministry of Trade.

Business License Tax (“BLT”)

Economic establishments in Vietnam, including enterprises, co-operatives, branches and shops, must pay a business license tax on an annual basis (paid at the beginning of each calendar year) at a fixed rate, depending on the amount of initial charter capital. These rates range between US\$52 and US\$157.

Macau

According to the tax laws and regulations of Macau, all limited companies incorporated and carrying on business in Macau is subject to the profit tax and industrial tax of Macau.

Complementary tax

Macau complementary tax levies are governed by the Law No. 21/78/M of 9th September 1978, “Regulations of Complementary Tax”. The complementary tax is equivalent to income tax or profit tax in other countries and regions. Macau complementary tax is regarded as a complement to the levies of industrial tax, professional tax and urban property tax. Manta Macau is liable of the complementary tax based on its assessable income declared on the tax return submitted to the Macau tax authority and the annual tax assessment. The complementary tax of Macau is charged at progressive rates between 9% and 12%. Specifically, the first MOP\$200,000 of the chargeable profits of Manta are exempt from the profit tax, and the next MOP\$100,000 is chargeable of the tax rate of 9% and the balance is chargeable of the tax rate of 12% for the years ended 31 December 2007 to 2009.

Industrial tax

Industrial tax is levied in accordance with the Law No.15/77/M of 31st December 1977 “Regulations of Industrial Tax”. Certain companies are chargeable of an annual industrial tax depending on the nature of their business activities. Industrial tax is levied in accordance with fixed tax sums specified in the activities schedule annexed to the Regulations. In accordance with various tax incentive schemes by Macau government to the industrial and tourism sectors, some qualified taxpayers may apply for exemption from industrial tax for a given period agreed by the authorities. The industrial tax of Manta Macau has been exempted for the years 2007 to 2010.

CORPORATE REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Our Group is principally engaged in the tower cranes and mast-climbing work platforms businesses, serving primarily the construction and infrastructure sectors in Hong Kong, Macau, Singapore and Vietnam. Our principal businesses are the rental and trading of tower cranes, trading of mast-climbing work platforms and provision of maintenance service for tower cranes. We have been operating in Hong Kong since 1975 and in Singapore since 1997.

The history of the Group can be traced back to 1975 when Manta Engineering was incorporated. Mr. Ku has been in the tower crane and construction equipment trading and rental business since the 1960s, initially working in a company which distributed construction equipment. At the initial start-up of Manta Engineering, the business was managed by Mr. Ku together with his business partners, Mr. Wong Hung Too and Mr. Kwok Lup Kin. Mr. Kwok Lup Kin and Mr. Wong Hung Too divested their shareholding in 1989 and 1994 respectively. Mr. Ku has been the key person responsible for the management of the Group and continued to be so after Mulpha acquired shareholding of the Group in August 1994 as further discussed below until his retirement from executive management role in August 2006. Mr. Ku is an independent party to Mulpha and has been a business partner with Mulpha in relation to our business since August 1994. Mulpha and Mr. Ku (through Pan Ocean) have held equity interests of the Group in the same proportion of 88% and 12% since December 2002 and throughout the Track Record Period. Mr. Ku retired from the executive management role in August 2006 and has since principally resided abroad. Mr. Ku and Mulpha had a mutual verbal arrangement of acting together as one single group of shareholders controlling the Group. Our legal adviser confirmed that such arrangement was lawfully binding. During the Track Record Period, Mulpha and Mr. Ku had a mutual verbal arrangement where Pan Ocean acted as a passive investor and did not participate in the financial and operating policies of the Group and followed business decisions including operational and financial decisions made by Mulpha. Both Mulpha and Mr. Ku have confirmed the aforesaid arrangement in a written joint confirmation in March 2010 and a statutory declaration in June 2010.

Our Controlling Shareholder, Mulpha, began investment in our Group in 1994 when it acquired an aggregate 70% shareholding in each of Manta Engineering, Manta Rental and Manta Services. Mulpha, which is listed on the Main Market of Bursa Malaysia Securities Berhad (being the stock exchange of Malaysia), has obtained all approvals from its shareholders and where required, relevant regulatory authorities for the Listing. Further information on Mulpha can be found in the section entitled “Business — Our Controlling Shareholder” in this prospectus.

Mr. Ku was informed of the Listing plan and fund raising mechanism of our Group, and had considered two alternatives of either (i) retaining the shares and selling them after the Listing, subject to compliance with all applicable rules and regulations (including possible sales moratorium immediately after Listing); or (ii) accepting Mulpha’s offer for an one-off sale immediately prior to Listing. Mr. Ku sold his 12% interests in the Company immediately prior to the Listing to Mulpha for a cash consideration of S\$1,768,000 (equivalent to approximately HK\$9.7 million). The consideration was determined based on arm’s length negotiations between the parties and represented a discount of approximately 12% to the net asset value of the Group as at 31 December 2009 and a discount of about 46.1% to the value of this shareholding interests based on the valuation of the Company at the Offer Price. Mr. Ku has agreed to the above consideration as he preferred the one-off sale of his shares given

CORPORATE REORGANISATION AND GROUP STRUCTURE

(i) the higher certainty of the sale proceeds; (ii) the earlier receipt of such proceeds; and (iii) Mr. Ku's personal status as a retiree residing abroad. Mr. Ku has also considered the fact that if trading of the Shares after the Listing is not liquid, his ability to dispose his Shares and the amount of sale proceeds realisable may be uncertain. Under a sale and purchase agreement entered into between Pan Ocean and Mulpha on 8 April 2010, Mulpha has paid Pan Ocean a deposit of S\$530,400 (approximately HK\$2.9 million) on 6 May 2010 and the balance has been fully paid to Pan Ocean at completion of the Reorganisation.

Following the sale of his shareholding interests as part of the Reorganisation, Mr. Ku has resigned from all directorships and no longer has any involvement in the Group. Mr. Quek and Mr. Lai have been the key managers managing the daily operations of the Group and their involvements are further elaborated in the section entitled "Directors, senior management and employees". Mulpha has representatives on the board of directors within certain Group companies to provide feedback on business directions and policies and such arrangement is expected to continue after the Listing with Mr. Chung, who is also the chief executive officer of Mulpha, being its representative on the Board.

Our business establishment is evidenced by our long business relationship of trading with the manufacturer of the "Potain" brand tower crane since 1976 for Hong Kong. We also have been selling "HEK" brand mast climbing work platform in Hong Kong since 2002.

As distributors of "Potain", we carry a range of their new tower cranes with different specifications for purchase by buyers from the various sectors, including construction, infrastructure and ship building. In addition, we also conduct trading operations for used "Potain" brand. For our rental operations, we provide a range of tower cranes for rental to our customers. Our in-house servicing teams in Hong Kong and Singapore are qualified to provide maintenance services for our rental and trading customers. Please read the "Business" section in this prospectus for more details.

Hong Kong

Manta Engineering was incorporated in 1975 in Hong Kong to engage in the business of trading of tower crane and other construction equipment in Hong Kong. Alongside the booming Hong Kong property and infrastructure markets during the 1970s and 1980s, Manta Rental and Manta Services were incorporated in 1981 to conduct tower crane rental and tower crane maintenance and repair services.

CORPORATE REORGANISATION AND GROUP STRUCTURE

Our Controlling Shareholder, Mulpha, began investments in our Group in August 1994 when it acquired an aggregate of 70% shareholding interests in each of Manta Engineering, Manta Rental and Manta Services. Prior to Mulpha's acquisition each of these companies were 50%-owned by Mr. Ku and 50%-owned by Mr. Wong Hung Too. Mr. Wong Hung Too is an independent party to Mr. Ku and Mulpha. Details of the acquisitions by Mulpha are as follows:

Vendor	% shareholding in each of Manta Engineering, Manta Rental and Manta Services	Consideration	Basis of determination⁽¹⁾
Mr. Wong Hung Too	50%	HK\$25.5 million	Price-earnings ratio of 3.9 times multiply by 50% of the profit after taxation of not less than HK\$13.0 million guaranteed by Mr. Wong Hung Too
Mr. Ku	20%	HK\$11.5 million	Price-earnings ratio of 4.3 times multiply by 20% of the profit after taxation of not less than HK\$13.5 million guaranteed by Mr. Ku

Note 1: The above acquisitions from Mr. Wong Hung Too and Mr. Ku were separately negotiated on an arm's length basis and hence the basis of determination of the consideration differed.

In December 1997, Mulpha exercised an option under the sale and purchase agreement it signed with Mr. Ku in 1994 and acquired the remaining 30% shareholding in each of Manta Engineering, Manta Rental and Manta Services from Mr. Ku at a total consideration of HK\$17.3 million. The basis of determining the consideration is the same as described in the table above. Following the aforesaid acquisitions, each of Manta Engineering, Manta Rental and Manta Services became wholly-owned by Mulpha.

In August 1999 in light of their respective capital requirements, Mr. Ku agreed to the proposal by Mulpha that, each of Manta Engineering, Manta Rental and Manta Services issue additional shares to Mulpha by way of capitalisation of dividend payable to Mulpha which in aggregate amounted to HK\$36.6 million. At the same time, each of the aforesaid companies also issued new shares constituting 12% of their enlarged capital to Pan Ocean, which is wholly-owned by Mr. Ku, by way of capitalisation of dividend in the amount of approximately HK\$14.9 million which had been declared and remained payable to Carpo Rich Limited ("Carpo Rich"), a company wholly-owned by Mr. Ku. Carpo Rich directed the new shares to be issued to Pan Ocean. The issue prices of the new shares were determined based on arm's length negotiations between Mr. Ku and Mulpha. Such dividend payable were accrued prior to Mr. Ku's sale of his interests in December 1997. Since they were capitalisation issues, no proceeds were generated from such issues of new shares. Following such

CORPORATE REORGANISATION AND GROUP STRUCTURE

issuance, each of Manta Engineering, Manta Rental and Manta Services became 88% owned by Mulpha and 12% owned by Mr. Ku. In November 2008, Manta Rental issued new shares for cash to raise additional working capital of HK\$9.5 million, under which each of Mulpha and Mr. Ku had subscribed to their respective entitlements. Consequently, their percentage shareholding in Manta Engineering remained the same after the exercise.

Prior to the completion of Reorganisation, Mulpha (through its directly and indirectly wholly-owned subsidiaries, Mulpha Trading and Manta Far East) had approximately 88% shareholding interests in each of Manta Engineering, Manta Rental and Manta Services. The remaining 12% shareholding interests of the aforesaid companies were held by Pan Ocean, which is wholly-owned by Mr. Ku. As part of the Reorganisation, Mr. Ku sold the 12% shareholding interests to Mulpha.

Major projects in Hong Kong to which our Group has sold or rented tower cranes include the Nina Tower development project in 2004, the Tung Chung Station for cable-car development project in 2004, the Ocean Park Master Redevelopment Project (Vet Hospital) in 2007, the Former Marine Police Headquarters redevelopment in 2008 and the Thrill Mountain and Polar Adventure development project at the Ocean Park in 2009 and 2010.

Major projects in Hong Kong during Track Record Period

The following sets out certain projects in Hong Kong to which our Group has sold or rented tower cranes during the Track Record Period. We are of the view that these were the more prominent projects of the Group in Hong Kong during the Track Record Period.

Development project	Project period	Attributable revenue for the year ended 31 December		
		2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Public facility at Ocean Park	May 2007 - August 2008	442	522	—
A private condominium at Kwok Shui Road	March 2008 - September 2009	—	1,442	1,450
Entertainment facilities at Ocean Park	December 2009 - January 2011	—	—	29

Singapore

Our Singapore operations commenced in April 1997 when Mulpha acquired the entire interest in Manta Singapore. In June 1997, Manta Singapore then issued new shares to an independent third party representing 30% of its issued share capital as enlarged. The aforesaid independent third party then disposed of its entire interest in Manta Singapore in August 1999 to Mr. Ku, through Pan Ocean, for a consideration of S\$600,000 (equivalent to approximately HK\$3.3 million) and was based on the par value of the shares of Manta Singapore, which was determined based on arm's length negotiations between them. In March 2000, Mulpha and Mr. Ku, through Pan Ocean, each subscribed to their

CORPORATE REORGANISATION AND GROUP STRUCTURE

entitlement in an issuance of new shares by Manta Singapore for cash which amounted to S\$2.0 million thereby maintaining their respective 70% and 30% shareholding. In 2002, new shares were issued by Manta Singapore to Mulpha to capitalise an amount due to Mulpha, consequently Mulpha's shareholding Manta Singapore increased to 88% and Mr. Ku's shareholding was diluted to 12%.

Prior to the Reorganisation, Mulpha (through its direct wholly-owned subsidiary, Mulpha Trading) had 88% shareholding interests in Manta Singapore. The remaining 12% shareholding interests were held by Pan Ocean, which is wholly-owned by Mr. Ku. As part of the Reorganisation, Mr. Ku sold the 12% shareholding interests to Mulpha.

The scope of businesses of Manta Singapore is similar to Manta Hong Kong, which includes tower crane rental, tower crane trading, and provision of maintenance and repair services. The major projects in Singapore to which our Group has sold or rented tower cranes include the Sentosa Cove development project in 2006, the River Valley Road development project, the Scotts Highparks Condominium development project and the National Junior College development project in 2007, the Reflection Condominium development project in 2008, and the Waterfront Wave Condominium development project and International School at Tampines development project in 2009 and 2010.

Major projects in Singapore during Track Record Period

The following sets out the certain projects in Singapore to which our Group has sold or rented tower cranes during the Track Record Period. We are of the view that these were the more prominent projects of the Group in Singapore during the Track Record Period.

Development project and location	Project period	Attributable revenue for the year ended 31 December		
		2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
A private condominium at River Valley Grove	August 2007 - March 2008	344	185	—
A private condominium at River Valley Grove	March 2008 - May 2009	—	829	414
A private condominium at Scotts Road	March 2007 - June 2008	2,099	1,100	—
A college building at Kent Ridge Crescent	June 2007 - September 2008	427	487	—
A private condominium at Teloh Blangah Road	September 2008 - December 2010	—	1,422	7,694
A private condominium at Bedok Reservoir Road	November 2008 - March 2011	—	94	3,682
A private condominium at Jardin Road	June 2009 - July 2010	—	—	1,810
A government flat at Punggol Field	September 2009 - November 2010	—	—	714

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Development project and location	Project period	Attributable revenue for the year ended 31 December		
		2007	2008	2009
		HK\$'000	HK\$'000	HK\$'000
An international school at Tampines Ave 5,9,10 Street 71 & 73	May 2009 - March 2011	—	—	3,795
A private condominium at Toa Payoh on Lot 9868K Lorong 2 / Lorong 3	June 2009 - January 2011	—	—	1,998

Macau

Anticipating substantial growth of construction activities in Macau as a result of liberalisation of its gaming industry, Manta Rental formed a wholly-owned subsidiary, Manta Engineering and Equipment (Macau) Company Limited, in October 2002 to provide tower crane rental services in Macau. Major projects in Macau to which our Group has sold or rented tower cranes include the City of Dreams development project in 2008 and the Wynn Resort development project in 2009.

Major projects in Macau during Track Record Period

The following sets out certain project in Macau to which our Group has sold or rented tower cranes during the Track Record Period. We are of the view that these were the more prominent projects of the Group in Macau during the Track Record Period.

Development project and location	Project period	Attributable revenue for the year ended 31 December		
		2007	2008	2009
		HK\$'000	HK\$'000	HK\$'000
Hotel and entertainment facilities at a hotel at Cotai, Macau	May 2007 - June 2008	1,094	1,184	—
Hotel suites at a hotel at Macau	March 2008 - September 2009	—	5,010	4,998

Vietnam

Our operations in Vietnam is conducted by Manta Vietnam, a joint venture set up in October 2003 by Manta Rental, together with two Independent Third Parties, being Vietnam-based Construction & Real Estate Joint Stock Company III and Vietnam-based Housing Development and Trading Company Limited. The joint venture is formed pursuant to the joint venture agreement signed on 18 July 2003 which was revised on 17 March 2008, and a charter dated 31 March 2008. As at the Latest Practicable Day, the Company owned as to 67% equity interest in the joint venture, while Construction & Real

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Estate Joint Stock Company III and Housing Development and Trading Company Limited owned as to 16.5% and 16.5% equity interests of the joint venture respectively. Manta Vietnam is based in Ho Chi Minh City and its principal businesses include tower crane rental within the Vietnam market. Given our majority stake, we have been active in the management of Manta Vietnam. The general director (equivalent to the chief executive officer) of Manta Vietnam, who is appointed by the Group, conducts the day-to-day operations of Manta Vietnam's business.

Pursuant to the joint venture agreement among the members of Manta Vietnam and Manta Vietnam's charter, and the relevant laws of Vietnam, the members' council (which is akin to a board of directors) is the highest decision-making authority of Manta Vietnam. The members' council has the power to hire and fire the general director.

In the joint venture agreement, the decisions of the members' council involving: (i) amendments of the charter, and (ii) appointment/dismissal of general director/deputy general director must be approved by an affirmative vote of all members attending a meeting of the members' council held with a lawful quorum. All other decisions of the members' council may be resolved by an affirmative vote of a majority of the total charter capital of participating members at a meeting of members council held with a lawful quorum.

In the charter, the voting thresholds are set differently. An affirmative vote of at least 75% of the total charter capital of the participating members is required to pass decisions concerning: (i) the sale of 50% or more of the total assets of Manta Vietnam, (ii) amendment of the charter, and (iii) reorganisation or dissolution of Manta Vietnam. All other decisions would require the affirmative vote of at least 70% of the total charter capital of the participating members.

If the conflict between what is stated in the joint venture agreement and the charter relating to the voting thresholds is brought to a Vietnamese court, it is likely that the court will rule that the ratios stated in the charter will prevail. Should the charter be deemed controlling and assuming all members attend the meeting of members' council, any resolution of the members' council will require the affirmative vote of at least one Vietnamese member of Manta Vietnam because Manta Rental only controls 67% of the total charter capital, and 70% or 75% would be required to pass an affirmative vote.

However, it should be noted that Manta Rental is the majority shareholder with 67% of the total charter capital. The two minority members control 16.5% of the charter capital each. No resolution of members council can be passed with just the vote of the minority members. A quorum is made with 75% of the total charter capital being represented, meaning Manta Rental and at least one minority member. If a quorum is not made at the first meeting, the law and the charter of Manta Vietnam provides that, at the second meeting, a quorum is made with just 51% of the total charter capital being represented, meaning Manta Rental alone can make the quorum.

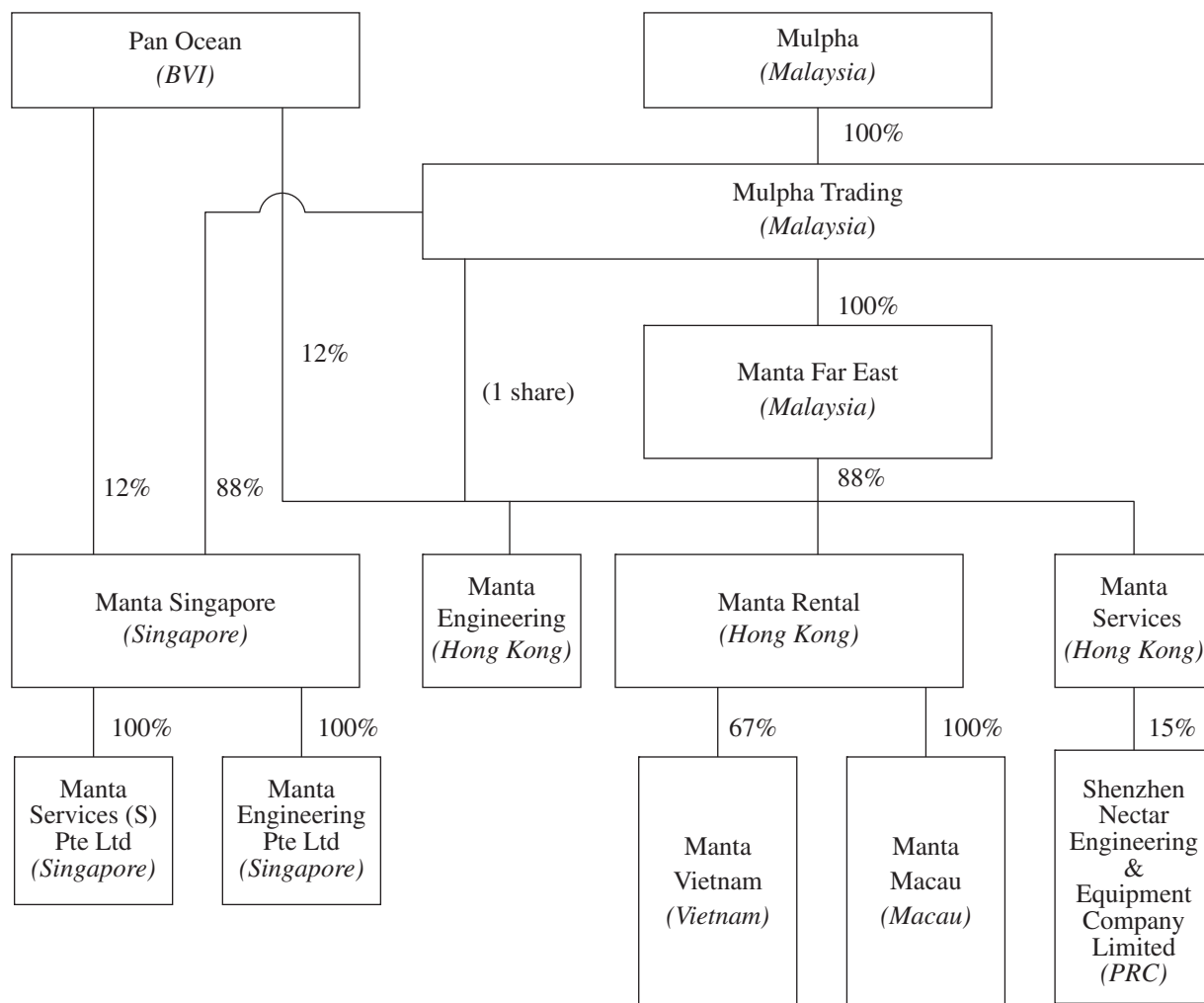
CORPORATE REORGANISATION AND GROUP STRUCTURE

Management during the Track Record Period

Our key management members are Mr. Chung, our Chairman and an executive Director, Mr. Quek, our Chief Executive Officer and an executive Director, and Mr. Lai, our general manager and an executive Director. Mr. Chung, who is involved in the setting of business direction and policies of our Group, joined our Group in 2001. Mr. Quek joined our Group in 1999 as an operations manager and has been actively involved in the Group's overall operations in the past 11 years. Mr. Lai joined our Group in 1976 and has been overseeing our tower crane rental and trading operations, particularly in Hong Kong, Macau and Vietnam. The aforesaid Directors will continue to oversee our day-to-day operations in Hong Kong, Singapore, Macau and Vietnam. Furthermore, the executive Directors are assisted by a group of experienced staff members who have been with the Group for over five years. For details of the directors and key management, please refer to the section entitled "Directors, senior management and employees".

REORGANISATION

The corporate structure of the Group immediately before the Reorganisation is as follows:



CORPORATE REORGANISATION AND GROUP STRUCTURE

The Company was incorporated under the laws of the Cayman Islands on 11 March 2010. The Group underwent the Reorganisation in preparation for the Listing. The principal steps involved in the Reorganisation are summarised below:

- (i) Chief Strategy was incorporated in the British Virgin Islands on 18 March 2010, to act as the intermediate holding company of the Group for those companies principally involved in the business of the Group in Hong Kong. The authorised share capital of Chief Strategy upon incorporation is US\$50,000 divided into 50,000 shares of US\$1.00 each (each, a “**BVI(HK) Share**”).
- (ii) Gold Lake was incorporated in the British Virgin Islands on 18 March 2010, to act as the intermediate holding company of the Group for those companies principally involved in the business of the Group in Singapore. The authorised share capital of Gold Lake upon incorporation is US\$50,000 divided into 50,000 shares of US\$1.00 each (each, a “**BVI(S)Share**”).
- (iii) On 25 June 2010, Chief Strategy acquired those companies principally involved in the Group’s business in Hong Kong, namely Manta Engineering, Manta Rental and Manta Services, from their beneficial owners. The consideration for the acquisition has been satisfied by the allotment and issue, credited as fully paid, of a total of 300 BVI(HK) Shares to the beneficial owners. The consideration for the acquisition of each of Manta Engineering, Manta Rental and Manta Services was satisfied by the allotment and issue of 100 BVI(HK) Shares, as to 1 BVI(HK) Share to Mulpha Trading, as to 87 BVI(HK) Shares to Manta Far East and as to 12 BVI(HK) Shares to Pan Ocean, all credited as fully paid.
- (iv) On 25 June 2010, Mulpha Trading directed Chief Strategy to allot and issue the 3 BVI(HK) Shares to Jumbo Hill, an indirectly wholly-owned subsidiary of Mulpha Trading.
- (v) On 25 June 2010, Manta Far East directed Chief Strategy to allot and issue the 261 BVI(HK) Shares to Jumbo Hill.
- (vi) On 25 June 2010, Gold Lake acquired the entire share capital of Manta Singapore from its beneficial owners. The consideration for the acquisition was satisfied by the allotment and issue of 100 BVI(S) Shares, as to 88 BVI(S) Shares to Mulpha Trading and as to 12 BVI(S) Shares to Pan Ocean, all credited as fully paid.
- (vii) On 25 June 2010, Mulpha Trading directed Gold Lake to allot and issue the 88 BVI(S) Shares to Jumbo Hill.
- (viii) On 25 June 2010, the Company acquired Chief Strategy and Gold Lake from their respective direct shareholders, namely Jumbo Hill and Pan Ocean. The consideration for the acquisition was satisfied by (i) allotment and issue of 99,999,999 Shares as to 87,999,999 Shares to Jumbo Hill and as to 12,000,000 Shares to Pan Ocean, all credited as fully paid.

CORPORATE REORGANISATION AND GROUP STRUCTURE

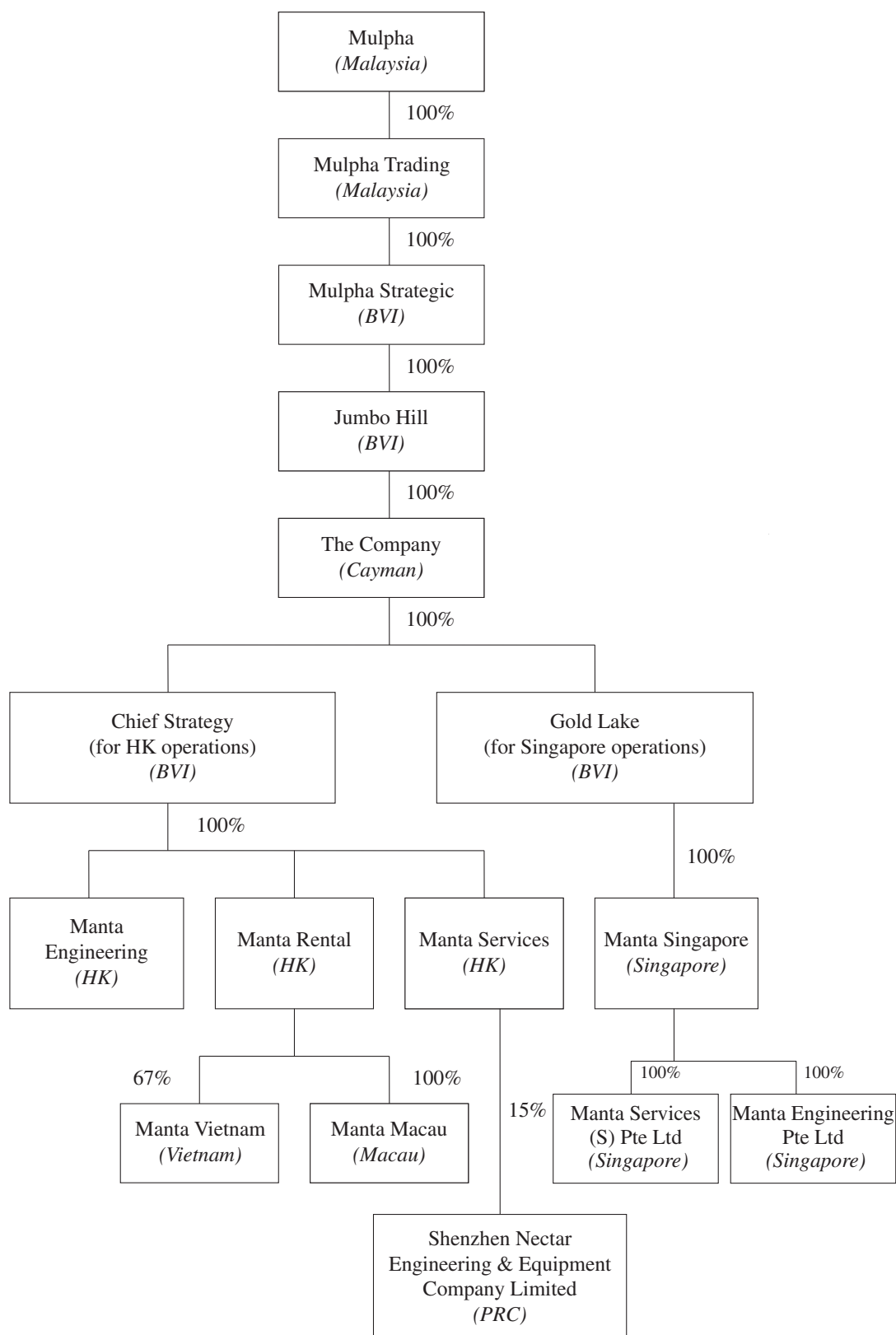
- (ix) On 25 June 2010, Pan Ocean transferred its entire shareholding in the Company, namely 12,000,000 Shares to Jumbo Hill at the consideration of S\$1,768,000 in cash, representing approximately 12% discount to the aggregated net asset value of the Company, its subsidiaries and associated companies as represented by the 12,000,000 Shares. The consideration was negotiated on arm's length basis between Jumbo Hill and Pan Ocean.

- (x) On 25 June 2010, the outstanding shareholder's loan owed by the Group to the Mulpha Group in the sum of S\$4,278,328 and HK\$2,033,490 was capitalised, pursuant to which 31,550,000 new Shares were allotted and issued to Jumbo Hill at the price of approximately HK\$0.81 per Share, representing approximately 12% discount to the aggregated net asset value of the Company, its subsidiaries and associated companies.

All reorganisation steps set out in the above were completed by 25 June 2010. The Listing of our Company, being an indirect subsidiary of Mulpha, had been approved by shareholders of Mulpha on 18 June 2010. Save for the aforesaid shareholders' approval and approval from the Stock Exchange, the Listing is not subject to any other regulatory approval.

CORPORATE REORGANISATION AND GROUP STRUCTURE

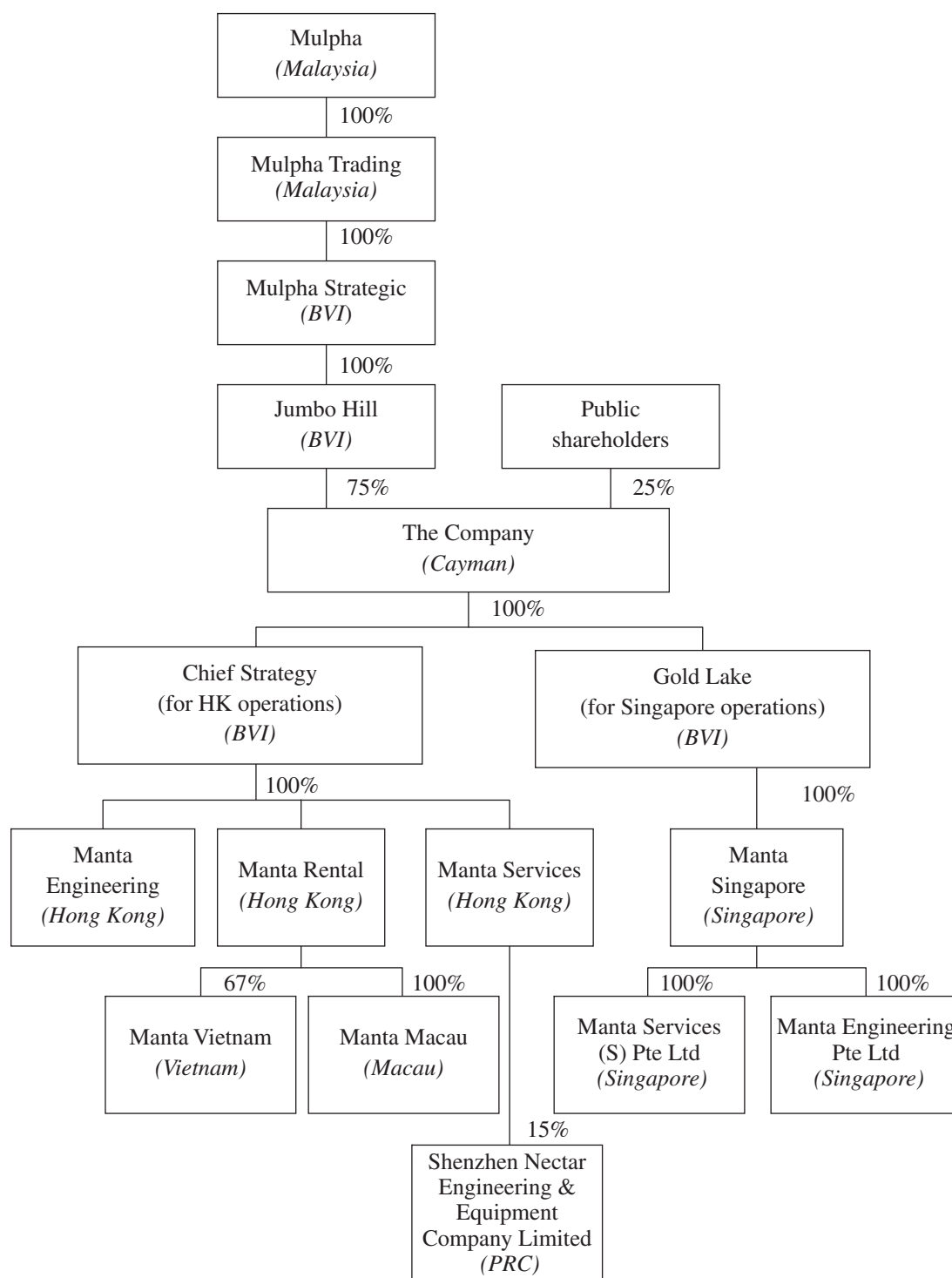
Upon completion of the Reorganisation, the Company became the holding company of the Group. The following chart sets out the structure of the Group immediately after the Reorganisation:



CORPORATE REORGANISATION AND GROUP STRUCTURE

Corporate Structure

The following chart shows the corporate structure of the Group immediately upon Listing (assuming that the Offer Size Adjustment Option is not exercised):



COMPANY OVERVIEW

We are engaged in the tower cranes and mast-climbing work platforms businesses, serving primarily the construction and infrastructure sectors in Hong Kong, Macau, Singapore and Vietnam. Our principal businesses are the trading of tower cranes, trading of mast-climbing work platforms, rental of tower cranes and provision of maintenance services.

During the Track Record Period, we have derived our revenue from:

- i. trading of new “Potain” brand tower cranes as a distributor in Hong Kong, Macau and Singapore;
- ii. trading of used “Potain” brand tower cranes in Hong Kong and Singapore;
- iii. trading of new HEK mast-climbing work platforms in Hong Kong;
- iv. rental of self-owned “Potain” brand tower cranes and tower cranes leased from third party owners, to customers in Hong Kong, Macau, Singapore and rental of self-owned “Potain” brand tower cranes only in Vietnam; and
- v. provision of after-sale services in Hong Kong, Macau and Singapore, as well as general maintenance and repair services (including sale of spare parts) to tower crane owners and lessees in Hong Kong, Macau, Singapore and Vietnam.

During the Track Record Period, more than 95% of our revenue from trading activities was derived from trading of “Potain” brand new and used cranes. The balance trading revenue was generated from the trading of HEK mast-climbing work platforms.

We first commenced business in 1975, and have been a distributor of “Potain” brand tower cranes in Hong Kong and Macau since 1976 and, thereafter in Singapore in 1997. During the Track Record Period, we were a non-exclusive distributor of “Potain” brand tower cranes in Hong Kong, Macau and Singapore. Manitowoc is a manufacturer of cranes (including “Potain” brand tower cranes) and related products and food service equipment. The Group has been recognised by Manitowoc publicly as its distributor of “Potain” brand tower cranes in Hong Kong, Macau and Singapore. Manitowoc only supplies “Potain” brand tower cranes to the Group in each of these regions. The management understands it is Manitowoc’s commercial decision to have only one distributor at each geographical location to streamline its distribution channel, and it intends to continue with such arrangement. Current supply arrangement is based on recurring transactions and the long-term business relationship between the Group and Manitowoc. Information on Manitowoc can be found below in this section.

Despite the established relationship, we have not entered into any formal exclusive distribution or long-term supply agreement with Manitowoc as the management believes this allows the Group to retain more flexibility in its tower crane trading and rental business. Purchases are made based on our business needs from time to time depending on trading orders and rental requirements. The Group intends to maintain the current supply arrangement with Manitowoc as described above.

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In respect of our tower crane operations, our business model is as follows:

Trading of new tower cranes

As a distributor of new “Potain” brand tower cranes in Hong Kong, Macau and Singapore, we carry a range of tower cranes with different heights and lifting capacities for our customers’ varied and specific needs. Customers in Hong Kong, Macau and Singapore who wish to purchase new “Potain” brand tower cranes will typically trade through us for their purchases. Due to the distributorship arrangement, we do not normally trade new cranes of other brands and we had only sourced new cranes from Manitowoc and traded only new “Potain” brand tower cranes during the Track Record Period.

Trading of used tower cranes

Given our history of selling “Potain” brand tower cranes, we have maintained a network of “Potain” brand tower crane owners who are independent third parties. From time to time, these owners may wish to sell their used cranes and consequently may trade through us. When we have customers who wish to purchase used tower cranes, we may contact crane owners in our customer network to source for such used cranes. In addition, we also trade used tower cranes as part of our rental fleet renewal process where we sell the older cranes in our fleet and replace them with new cranes. We only traded “Potain” brand used tower cranes during the Track Record Period.

Rental of tower cranes

For our tower crane rental operations, we typically carry small and mid-size cranes in our rental fleet as they are more versatile in terms of usage, and more commonly used in construction projects, providing us with a larger spectrum of potential customers. Our rental fleet consists of mainly “Potain” brand tower cranes.

Provision of after-sale, general maintenance and repair services

Our in-house servicing teams in Hong Kong and Singapore, supported by our workshop facilities, conduct regular maintenance of our rental fleets and provides onsite maintenance and inspections, as well as emergency repairs to our rental customers. The team also provides after-sale maintenance services (including sale of spare parts) to our trading customers of new and used tower cranes, as well as independent tower crane owners who require maintenance services. Our in-house servicing team in Singapore also provides tower crane assembly, installation and dismantling services to our customers.

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The “Potain” brand originated from France and was founded in 1928. It is owned by the Manitowoc Group since 2001. Manitowoc was founded in 1902 in Wisconsin, US. It is a manufacturer of cranes and related products and foodservice equipment. Manitowoc is listed on the New York Stock Exchange and had market capitalisation of US\$1,293 million (equivalent to HK\$10.1 billion) as at the Latest Practicable Date. Based on its financial statement, Manitowoc recorded revenue of US\$3,782 million (equivalent to HK\$29.5 billion) for the year ended 31 December 2009 and had stockholder equity of US\$607.9 million (equivalent to HK\$4.7 billion) as at 31 December 2009. In Hong Kong, we also sell HEK mast-climbing work platforms. HEK is a brand name owned by the Sweden-based Alimak Hek Group and has its manufacturing facilities in the Netherlands.

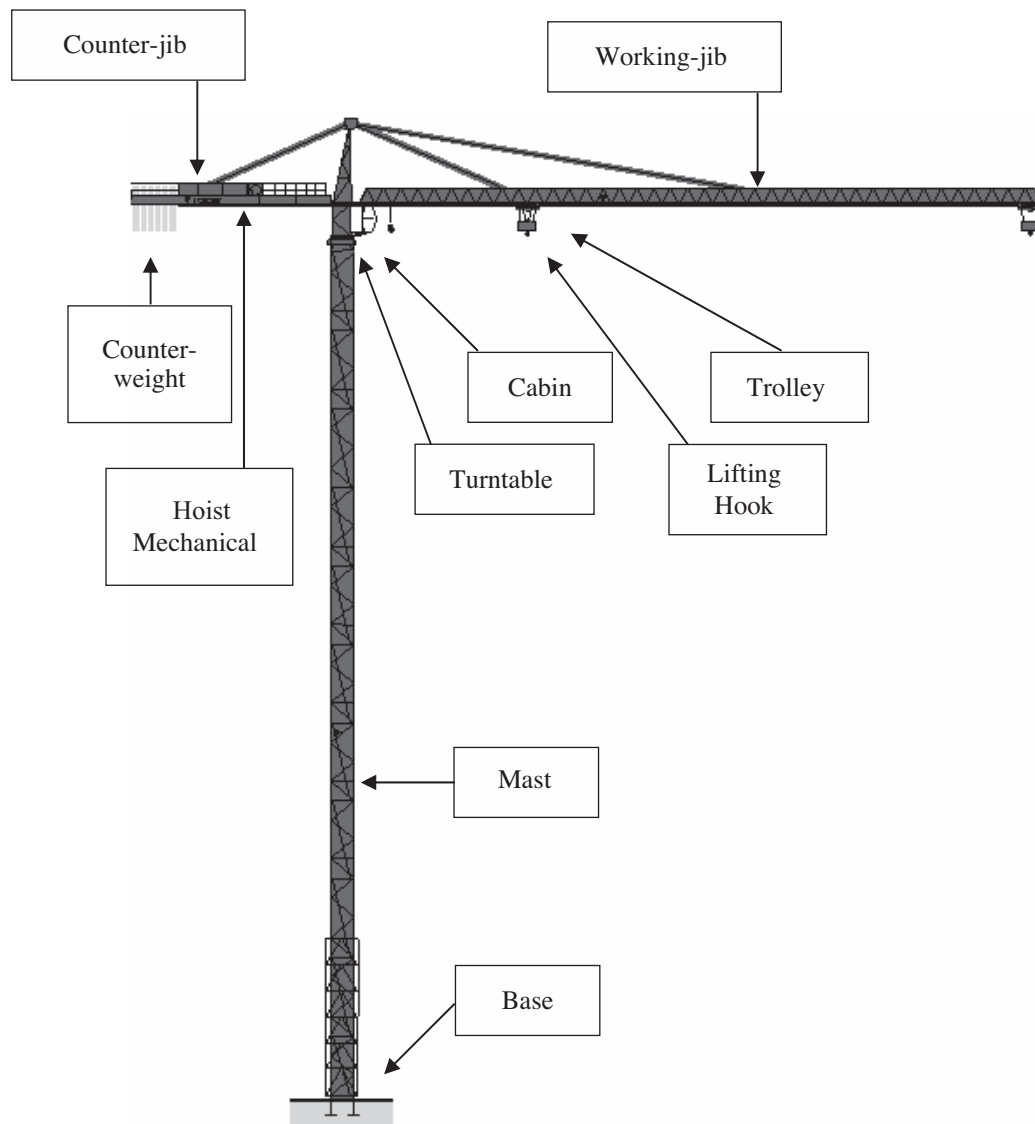
Other investment

We have 15% shareholding in Shenzhen Nectar Engineering & Equipment Co. Ltd (深圳能科達機械工程有限公司) (“Shenzhen Nectar”), which is a Sino-foreign equity joint ventures engaging in the businesses of trading and rental of construction equipment, and provision of maintenance services in the PRC. It was established in 1993, with current shareholders, namely (i) 中國水電建設集團租賃控股有限公司 (for identification purpose only, in English, Sinohydro Rental Holdings Company Limited) (“Sinohydro”), a PRC state owned enterprise engaging in machines and equipment rental and trading, owning 60% of Shenzhen Nectar’s equity interest; (ii) Atlas Copco China/Hong Kong Ltd. (“Atlas Copco”), a subsidiary of Alta Copco AB, a manufacturer of industrial tooling and equipment, owning 25% of Shenzhen Nectar’s equity interest; and (iii) Manta Rental, owning 15% of Shenzhen Nectar’s equity interest. Sinohydro and Atlas Copco are Independent Third Parties. We have completed our capital contribution of US\$75,000 in February 1994. While we are not involved in the daily management of Shenzhen Nectar Engineering & Equipment Co. Ltd., we have a shareholder representative who attends its board meetings as a non-voting delegate. Shenzhen Nectar had paid the Group dividends equivalent to approximately HK\$307,000 and HK\$159,000 in the years ended 31 December 2007 and 2008 respectively. Subsequent to our financial year ended 31 December 2009, Shenzhen Nectar has also declared (but yet to pay) a dividend equivalent to approximately HK\$170,000 in respect of the year ended 31 December 2009. We intend to maintain our minority shareholding in Shenzhen Nectar for long term investment to generate investment returns through stable dividend income.

OUR PRODUCTS

Tower crane

Tower crane is a mechanical lifting device which is usually fixed to the ground or attached to the side of buildings. Tower cranes provide a combination of height, distance and lifting capacity and are commonly used in the construction of tall buildings. The key parts of a tower crane include the base, the mast, the jib, the slewing unit, the lifting hook and the cabin.



A tower crane is usually anchored on structures such as concrete base or steel structure that supports the whole weight of the crane. The base connects to the mast giving the tower crane its vertical height. The slewing unit refers to the turntable which allows the tower crane to rotate and, is normally where the gearing and motors are located. The jib is the horizontal working arm and its length determines the operating radius of the tower crane. The counter-jib carries a counterweight, usually of concrete blocks, while the jib suspends the load from the trolley. The hoist motor and transmissions are located on the mechanical deck while the trolley motor is located on the jib. The cabin contains the operating panel for the crane operator and is usually mounted at the turntable or at the top of the mast. The lifting hook is operated using electric motors to manipulate wire rope cables through a system of sheaves. The main types of tower cranes are (i) horizontal jib cranes; and (ii) luffing jib cranes.

(i) Horizontal Jib Crane:



A horizontal jib crane describes a circular arc and its wide operating radius makes it suitable for large work sites. Horizontal jib cranes are however not suitable for small work sites as the jib may be obstructed by adjacent properties and objects near the work site.

(ii) Luffing Jib Crane:



A luffing jib crane is a variance of tower crane where the jib can be raised or luffed to almost vertical. Luffing jib tower cranes are specifically suited for congested construction sites. In comparison to horizontal jib cranes, the jib can be used to attain optimal underhook heights and obstacle avoidance, thus making it ideal for laterally restricted construction sites where adjacent obstacles limit the usefulness of regular tower cranes. Slewing and hoisting equipment provide control of loads throughout the entire working radius.

For our trading operations, we carry a range of tower cranes with different heights and lifting capacities for our customers' varied and specific needs. For our rental operations, we typically carry small and mid-size cranes in our rental fleet as they are more versatile in terms of usage, and more commonly used in construction projects, providing us with a larger spectrum of potential customers.

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During the Track Record Period, we have traded 108 new and used horizontal jib cranes and 26 new and used luffing jib cranes.

HEK Mast-climbing work platform

HEK mast-climbing work platform is a product manufactured by Alimak Hek Group which can be used to provide a safe, flexible workspace for workers performing works at the exterior of a building on height, such as renovation, sand blasting, epoxy painting and general maintenance where vertical access is required. We sell HEK mast-climbing work platform in Hong Kong only.



HEK mast-climbing work platform has a modular design with three basic components - the mast, drive unit and ground frame. Users can utilise a large number of mast climbing work platforms, transport platforms, or the combinations of the two to assemble a work platform tailored for their needs.

During the Track Record Period, our revenue derived from the sale of HEK mast-climbing work platforms amounted to HK\$11.4 million in the year ended 31 December 2007, and we did not generate revenue from this product in the years ended 31 December 2008 and 2009.

The Directors believe that many contractors in Hong Kong continue to use bamboo scaffolding due to cost reasons and this may be one of the reasons that our sales of such platforms had not recurred in 2008 and 2009. Notwithstanding, with increasing awareness of work safety, the Directors believe the use of mast-climbing work platforms will become increasingly common.

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OUR OPERATIONS

Equipment rental

As at 31 December 2009, the number and types of tower cranes carried by us which are available for rental operations is summarised as follows:

	As at 31 December 2007				As at 31 December 2008				As at 31 December 2009			
	Hong Kong	Singapore	Vietnam	Total	Hong Kong	Singapore	Vietnam	Total	Hong Kong	Singapore	Vietnam	Total
Horizontal jib cranes												
- number in fleet	47	38	8	93	38	42	8	88	26	55	8	89
- leased out	29	33	8	70	18	24	4	46	10	23	7	40
Luffing jib cranes												
- number in fleet	7	16	—	23	11	23	—	34	10	32	—	42
- leased out	4	11	—	15	10	13	—	23	6	29	—	35
Total												
- number in fleet	54	54	8	116	49	67	8	124	36	87	8	131
- leased out	33	44	8	85	28	38	4	70	16	52	7	75
Average age (years)												
Horizontal jib cranes	5	7	14	6.6	9	7	15	8.6	9	4	16	6.5
Luffing jib cranes	12	4	—	6.4	7	5	—	7.6	8	5	—	5.7

Note: In respect of figures as at 31 December 2009, the above includes 18 horizontal jib cranes and 12 luffing jib cranes which we leased from third party owners in Singapore for onward rental to our customers. The tower cranes which were not leased out included those with committed rental orders and are pending delivery or under maintenance.

We are in the business of rental and trading of tower cranes and mast-climbing work platforms in Hong Kong, Macau, Singapore and Vietnam. For our tower crane rental operations, our customers are typically from the construction and infrastructure sectors in these markets. Due to regulatory requirements in Singapore restricting the age of tower cranes in operations, we have a relatively newer tower crane fleet in Singapore. The average ages of our tower crane fleets (excluding those which we leased from third party owners) in Singapore, Hong Kong/ Macau and Vietnam are 5 years, 9 years and 16 years respectively.

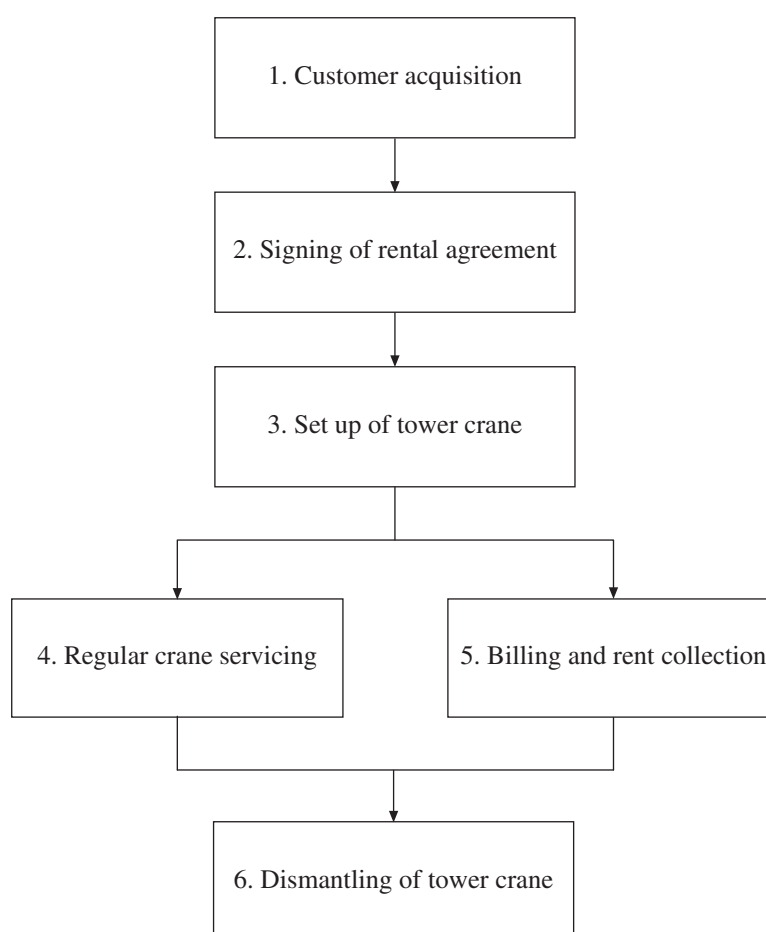
When considering the expansion of our rental fleet, we will take into account the type and specifications of tower cranes with projected high demand. We may also consider purchasing new cranes if we have committed, or are likely to secure, long term rental contracts for these cranes. Tower cranes typically have long useful life if properly maintained. We adopt a straight-line depreciation policy on our rental fleets over a period of 10 years, which the Directors believe is in line with industry norm. In Singapore, while the age of tower cranes typically must not exceed 15 years in age, it is our policy to sell the tower cranes approaching the age of 10 years to jurisdictions where no specific age limit on tower crane is enforced. For our rental fleets in Hong Kong and Vietnam, we

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monitor the condition of our tower cranes and will renew the rental fleet on regular basis. Typically, we sell our aged rental fleet in Hong Kong to customers in regions which, to the best information and knowledge of the Directors, do not have age restrictions for tower crane imports such as the Middle East, Eastern Europe and the PRC as part of our used tower crane trading business.

Due to stringent safety regulations in Singapore and Hong Kong and to maintain the quality of our rental fleet, we apply the same safety measures for all of our tower cranes regardless of their age. For example, maintenance works such as painting, polishing and reinforcement of connecting parts, and lubrication of moving components are carried out on regular basis and between each rental. All rented tower cranes will be inspected by our technicians after installation before handing over to the customer.

The following is the flow-chart depicting the major activities of our equipment rental operations:



1. Customer acquisition

Our sales and marketing teams maintain regular contact with existing customers and make cold calls to potential customers to assess their needs from time to time. Typically, our customers do not conduct open tenders when renting tower cranes.

For our returning customers, our involvement as a crane contractor for a construction project may start from the time when our customer, being the main contractor, bids for the building construction contract from the developer. Our team will prepare a quotation covering key issues such as recommended type and specifications of cranes for our customer's consideration. We also provide on-site consultation with regard to positioning and placement of cranes and safety measures.

2. Signing of rental agreement

Once the rental arrangement is confirmed by our customer, our sales team will prepare and finalise the rental agreement. Upon signing, the lessee will normally be charged a deposit of up to 2 months of rent. In the markets which we operate, typical rental periods ranged between 6 and 18 months.

Rental agreements entered into in Hong Kong typically cover only the rental and regular maintenance and servicing of tower cranes. Crane installation and crane dismantling costs are charged separately as we subcontract the installation and dismantling services to third party subcontractors. Meanwhile, as we maintain our own servicing team in Singapore, rental agreements in Singapore will typically include crane installation, regular maintenance and servicing, and crane dismantling costs. Our rental arrangement does not include the hiring of crane operators which is the lessees' own responsibility.

3. Set up of the tower crane

Upon signing of rental agreements, our project coordinator and the servicing team will plan for the crane transportation, assembly and erection at customers' work sites. In Hong Kong, the hauling, lifting, assembly and installation works are typically outsourced to third party subcontractors and the installation costs are charged separately.

In Singapore, assembly and installation processes are typically conducted by our in-house servicing team while we will outsource hauling and lifting services. If demand exceeds the capacity of our in-house servicing team, we may also outsource the crane assembly and installation work to third party subcontractors.

After installation, the tower cranes will be inspected by qualified engineers before commencement of operations. When the inspection is completed with satisfactory results, the tower cranes will then be handed over to the lessee.

4. Regular crane maintenance services

Typical rental agreement will include maintenance services during the rental period. Such maintenance services include (i) the mandatory regular inspection and maintenance works; and (ii) any emergency services in case of breakdown. Thorough maintenance works for each crane are performed in between each rental. These services are performed primarily by our in-house servicing teams in Hong Kong and Singapore.

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5. Billing and rent collection

Invoices are issued to the customers on monthly basis. Typically, a credit term of up to 60 days from the invoice date may be granted to the customers. Please refer to the subsection entitled “Credit management” for details.

6. Dismantling of tower crane

Upon expiry of the term of rental, we will arrange for the dismantling and removal of the tower cranes from the work site. Similar to the installation process, dismantling process is coordinated by our coordinator and involves our servicing team (which is applicable only in Singapore) or third party subcontractors such as dismantling service providers, mobile crane providers, and riggers. The dismantled tower cranes will be transported to our storage yard for routine maintenance work before deployment to the next work site.

Rental of tower cranes which we lease from third party owners

Besides our own tower crane fleet, we also lease tower cranes from independent third party owners and onward rent them to our customers. Such arrangement enables us to satisfy customers’ demand at times when we are short of cranes or when we do not have enough cranes to meet certain customers’ requirements.

Equipment trading

The trading operations on aggregate contributed 59.5%, 61.5%, and 28.0% of the total revenue of the Group for the years ended 31 December 2007, 2008 and 2009 respectively. The revenues for our trading operations were derived primarily from trading of tower cranes during the Track Record Period. Details of our trading activities of new and used tower cranes are as follows:

Trading of new tower cranes

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Revenue	114,614	145,183	25,619
Cost of tower cranes	<u>(101,751)</u>	<u>(125,493)</u>	<u>(24,112)</u>
Gross profit	12,863	19,690	1,507
Gross profit margin	11.2%	13.6%	5.9%
Number of cranes sold	41	41	9
Average price per crane	2,795	3,541	2,847

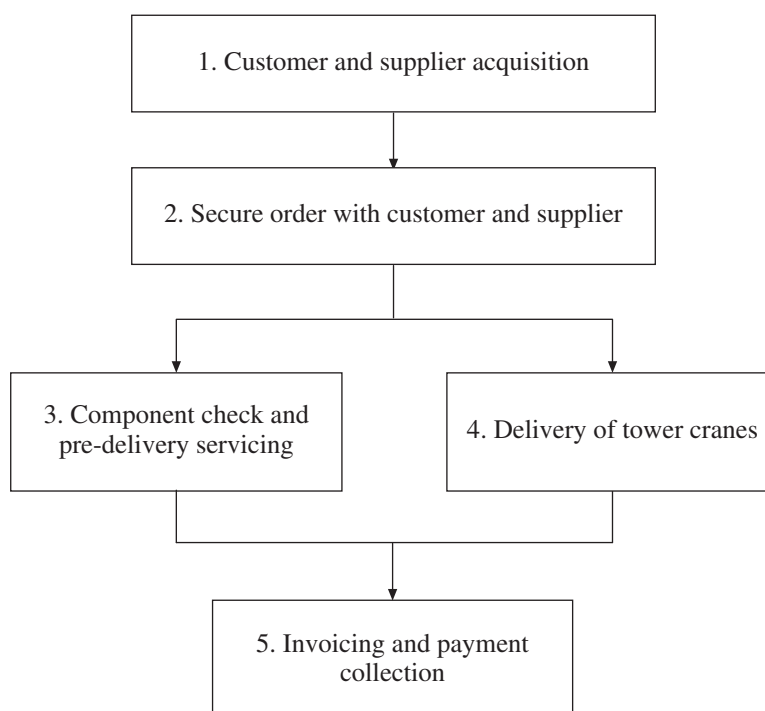
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Trading of used tower cranes

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Revenue	12,106	16,199	25,563
Cost of tower cranes	(9,741)	(11,527)	(5,344)
Gross profit	2,365	4,672	20,219
Gross profit margin	19.5%	28.8%	79.1%
Number of cranes sold	7	17	19
Average price per crane	1,729	953	1,345

At present, we engage in the trading of new “Potain” brand tower cranes as its distributor in Hong Kong, Macau and Singapore. We also trade used tower cranes sourced from independent third parties. In addition to our major markets of Singapore and Hong Kong, we also sell used tower cranes to customers in regions such as the Middle East, Eastern Europe and the PRC. As part of our effort on fleet renewal, we may sell our used cranes from time to time and replace the fleet with new tower cranes. Due to different regulatory requirements, our newer cranes are mainly deployed in Singapore, Hong Kong and Macau. Meanwhile, used cranes may be sold to developing regions. During the Track Record Period, we have sold 91 new tower cranes at average sale price of about HK\$3.1 million per crane. We also sold 43 used tower cranes at average sale price of about HK\$1.3 million per crane.

The following is the flow-chart depicting the major activities of our equipment trading operations:



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A typical trading transaction involves the activities as set out below:

1. Customer and supplier acquisition

For trading of new cranes, our sales team will contact our existing customers or make cold calls to potential buyers, during which the sales team will gather information on the specific needs of buyers and recommend suitable tower crane models. To facilitate trading of used tower cranes, the sales team will also from time to time look for potential sellers to source for suitable used tower cranes. Occasionally, we also engage brokers to help identify potential buyers and sellers.

2. Secure order with customers and suppliers

Upon confirmation of the tower crane specifications by the customers, our sales team will finalise the order by placing back-to-back orders with Manitowoc (in respect of new cranes) or with the used crane seller. Given the lead time for delivery of new cranes, we may place orders based on forecast demand. Therefore, occasionally we have new tower crane in our inventory ready for filling the order immediately. Typically a deposit up to 30% of the selling price is payable by the buyer.

Given the relatively large amount involved in trading operations, all customers are assessed by the management to ensure the credit worthiness of these customers. The lead time of delivery of new tower cranes ranges depending on the availability of the product from Manitowoc at the time of order. During the Track Record Period, the average lead time of delivery of new cranes was approximately 2.7 months.

3. Component checks and pre-delivery servicing

Upon the arrival of new tower cranes at our storage facility, each component will be checked to ensure complete set of equipment being delivered by Manitowoc. For used cranes, our servicing team may conduct reconditioning works such as repainting, polishing of connecting parts, lubricating of moving gears and overhauling at the request of customers. In other case, used crane may be delivered to the customer on “as is” basis without any value-added work performed and the crane is delivered at its original condition from the past owner.

4. Delivery of tower cranes

The cranes will be delivered to customers upon component checks and/or reconditioning. Warranty for new tower cranes is provided by Manitowoc for manufacturing defects. The Group will not provide warranty for reconditioned cranes sold/used cranes sold on “as is” basis.

Upon request of the customer, we may also arrange the installation works at the buyer’s construction site. These services are optional to the customers and installation costs will either be included in the sale price as part of the package or may be separately charged to customers. In Hong Kong, the hauling, lifting and assembly works are typically outsourced to third party subcontractors. In Singapore, the assembly and installation works are conducted by our in-house servicing team while we will outsource hauling and lifting services.

5. Invoicing and payment collection

For customers using cash payments, the invoice of the balance payment will normally be issued to the customer immediately upon delivery of the cranes. For customers using bank financing, we typically have the payment arrangement confirmed from the customer and its bank upon delivery or installation of the cranes. A credit term up to 60 days is granted to the trading customers.

Equipment maintenance services

Our in-house servicing teams in Hong Kong and Singapore, with our workshop facilities, conducts after-sale servicing for our trading customers, regular maintenance for our rental fleets, regular onsite maintenance and inspection for our rental customers as required under the labour laws of the respective jurisdictions, as well as emergency repairs. These maintenance and servicing works include painting, polishing and reinforcement of connecting parts, and lubrication of moving components. The teams service our own cranes and equipment as well as our customers, including the lessees of our tower cranes, the customers of new and used tower cranes, as well as independent tower crane owners who require maintenance services. Warranty and insurance arrangements of new and used tower cranes which we trade are discussed in item 4 above, and in the section headed “Business — Insurance”. Manta Vietnam only carries out tower cranes rental business and does not have an in-house servicing team and outsources all the installation, dismantling and maintenance service works to subcontractors.

For our rental operations, maintenance service charges (including in-house and subcontracted services) are typically included as part of our rental package in Singapore and Hong Kong. Our workshops maintain an inventory of replacement and spare parts in Hong Kong and Singapore to facilitate our maintenance activities.

Our in-house servicing teams play an important role in our business as customers place strong emphasis on quality after-sales and maintenance services, especially in cases of emergency. The in-house teams enable us to respond to customers’ maintenance and repair requests on a timely manner. As at 31 December 2009, our servicing teams in Hong Kong and Singapore have 7 and 33 employees respectively. The labour costs directly attributable to our maintenance services amounted to approximately HK\$6.8 million, HK\$7.3 million and HK\$7.3 million for the years ended 31 December 2007, 2008 and 2009 respectively. Training of our servicing team members is conducted in-house and by equipment manufacturers, enabling us to control the quality of our services.

For the subcontracted services, our project coordinator will inspect on site the works performed by the subcontractors to ensure the quality of work and the timeliness of service provision. The project coordinator will also act as the key contact during the installation and dismantling processes to ensure efficient communication is in place among our Group, the customer and the subcontractor.

We carry replacement parts for tower cranes which we sell to our customers or use for our repair and maintenance services. These replacement and spare parts are mainly generic items which can be used on most models of cranes and equipment and have long shelf life. There has been minimal obsolescence on these parts. Where replacement parts are not available in our inventory, we also assist our customers to place orders with the manufacturers.

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SOURCE OF REVENUE AND OUR CUSTOMERS

We derived our revenue mainly from (i) trading of new and used tower cranes as well as new mast-climbing work platforms, (ii) rental of tower cranes; and (iii) provision of crane maintenance services. The maintenance services are often provided incidental to and as part of the rental arrangement. The following table shows the breakdown of revenue by the above business segment for each of the years ended 31 December 2007, 2008 and 2009.

	Year ended 31 December					
	2007		2008		2009	
	HK\$ (million)	%	HK\$ (million)	%	HK\$ (million)	%
Trading of new tower cranes	114.6	53.8	145.2	55.3	25.6	14.0
Trading of used tower cranes	12.1	5.7	16.2	6.2	25.6	14.0
Trading of mast-climbing work platforms	11.4	5.4	—	—	—	—
Rental, servicing and others (<i>note</i>)	<u>74.8</u>	<u>35.1</u>	<u>101.1</u>	<u>38.5</u>	<u>132.3</u>	<u>72.0</u>
Total	<u>212.9</u>	<u>100.0</u>	<u>262.5</u>	<u>100.0</u>	<u>183.5</u>	<u>100.0</u>

Note: Breakdown of revenue by rental and maintenance services cannot be conducted as charges for maintenance services are generally included in rental charges in a typical rental agreement.

Revenue breakdown by geographical segment

Our revenue by geographical location of our operations (excluding intra-group revenue) and their respective percentage to our total revenue are summarised as follows:

	Year ended 31 December					
	2007		2008		2009	
	HK\$ (million)	%	HK\$ (million)	%	HK\$ (million)	%
Hong Kong	64.0	30.0	90.2	34.4	46.5	25.4
Singapore	145.0	68.1	165.9	63.2	133.3	72.6
Vietnam	1.6	0.8	1.8	0.7	1.7	0.9
Macau	<u>2.3</u>	<u>1.1</u>	<u>4.6</u>	<u>1.7</u>	<u>2.0</u>	<u>1.1</u>
Total	<u>212.9</u>	<u>100.0</u>	<u>262.5</u>	<u>100.0</u>	<u>183.5</u>	<u>100.0</u>

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During the Track Record Period, we derived about two-thirds of our revenue from our Singapore operations, which contributed 68.1%, 63.2% and 72.6% of our total revenue for the years ended 31 December 2007, 2008 and 2009 respectively. Our operations in Singapore has been a larger contributor to our total revenue over the past few years due to strong growth of its construction and infrastructure demand in both the public and private sectors. Looking forward, we expect Singapore will remain a major market for our Group's operations. Meanwhile, we will continue to strengthen our operations in Hong Kong in view of anticipated recovery. Leveraging on our existing presence and expertise, we also intend to expand our operations in Macau and Vietnam.

Major customers

Our major customers are mainly contractors in the construction and infrastructure sectors which use the tower cranes we supply in their construction projects. We have established long-term business relationship with many of our customers with the average length of business relationship of approximately 12 years (ranging from 2 to over 25 years). Our sales team contacts these customers regularly to understand their needs and provide relevant information to support their projects. Please refer to "Sales and marketing" section below for more details.

The majority of our customers are private contractor companies which engage in both private and public construction projects. In particular in Singapore, many of our customers participate in projects of the HDB, which develops public housing. Customers in this category are subject to the relatively more stringent requirements of HDB and the tower cranes which we rent and sell to them are typically newer and of less than 10 years. Depending on the customers' project pipelines and their expectation on future tower crane prices and rental rates, customers may choose to either lease or to purchase the tower cranes, both of which we are able to accommodate. During the Track Record Period, we have also sold tower cranes to shipyards for their ship repair operations. They however represent only a relatively small proportion of our customer base.

We have a diversified customer base and are not reliant on any single or group of customers. This is evidenced by the fact that our top five largest customers accounted for 40.1%, 39.5% and 31.9% of our total revenue for the years ended 31 December 2007, 2008 and 2009 respectively. Revenue from the largest single customer amounted to HK\$21.8 million, HK\$30.5 million and HK\$14.2 million, which were equivalent to 10.2%, 11.6% and 7.7% of our total revenue for the years ended 31 December 2007, 2008 and 2009 respectively.

So far as the Directors are aware, none of the Directors, their respective associates, or shareholders who own more than 5% of the issued share capital of the Company (immediately upon completion of the Share Offer, but assuming the Offer Size Adjustment Option has not been exercised), had any shareholding interest in any of the aforementioned five largest customers of the Group during the Track Record Period.

Customer preference

During the Track Record Period, our major customers are contractors in the construction and infrastructure sectors. In respect of obtaining tower cranes for their own use, their preferences such as (i) whether to purchase or rent the tower crane required for the projects; and (ii) if they decide to purchase the cranes, the choice between new and used cranes, will change according to the market conditions in the construction and infrastructure sector and the general availability of financing. At the same time, the gross profit margins for each of the tower crane rental and servicing, trading of new tower cranes and trading of used tower cranes are different and are subject to market demand.

As illustrated in the sub-section headed “Gross profit and gross profit margin” set out in the “Financial information” section of this prospectus, during the Track Record Period, the gross profit margin of trading of new tower crane business ranged from 5.9% to 13.6% and the gross profit margin of trading of used tower cranes business ranged from 19.5% to 79.1%.

The gross profit margin of trading of new tower crane business decreased substantially from 13.6% in 2008 to 5.9% in 2009 as a result of market uncertainties and lack of financing. Buyers of new cranes were in a better bargaining position and demanded for larger discounts.

The gross profit margins of trading of used tower crane business were 19.5% in 2007, 28.8% in 2008 and 79.1% in 2009. The Directors believe that the demand for used tower cranes had increased in 2009 as buyers switched from new cranes to used cranes amidst the uncertain markets and credit crisis. The gross profit margin for used equipment trading is comparatively higher than new equipment as prices vary according to their conditions and our ability to negotiate, as there is a lack of market reference, unlike new cranes which prices are generally dictated by Manitowoc. The gross profit margin of used crane trading increased significantly in 2009 to 79.1% as we sold several used cranes with low carrying values from our rental fleet as part of our fleet renewal process.

The gross profit margin for our rental, servicing and others operation were 59.9% in 2007, 51.5% in 2008 and 52.2% in 2009. The change was primarily attributable to marginal variance in rental rates. The management of the Company believes one of the reasons that the gross profit margin for our rental, servicing and others operation was comparatively more stable than the gross profit margin for trading of cranes was due to the larger number of cranes in the rental fleet (e.g. In 2009, there were 139 cranes in the rental fleet as compared to trading activities where 9 new cranes and 19 used cranes were sold) which smoothens the effects of rental rates fluctuations. This in turn led to a more stable gross profit margin during the Track Record Period. Given that all other expenses of the Company remain at the same level, the overall profit margin arising from the expansion of the rental capacity will be more stable in the future.

As the combination of our revenue from each of these businesses will vary according to prevailing customer preferences, the change in customer preference may affect our Group profit margin and therefore our overall financial performance. For discussion of the Group’s revenue during the Track Record Period and the unaudited revenue for the four months ended 30 April 2010, please refer to the section headed “Financial information — Revenue”.

Seasonality

Based on past experience, there is no seasonality for our tower crane rental operations as construction projects are conducted year-round due to stable climate in the markets we operate in. Meanwhile, rental rates for tower crane may fluctuate from time to time depending on demand and supply situation associated with the market cycle of the construction and infrastructure sectors.

OUR SUPPLIERS

New “Potain” brand tower cranes for our trading and rental operations

We trade new “Potain” brand tower cranes in Hong Kong and Singapore. For our rental operations, we also purchase mainly new “Potain” brand tower cranes for our rental fleet in Hong Kong, Macau, Singapore and Vietnam. We also purchase replacement and spare parts for “Potain” brand tower cranes. Consequently, Manitowoc, which is the owner and manufacturer of “Potain” brand tower cranes, is our largest supplier. During the Track Record Period, we had only sourced new cranes from Manitowoc and traded only in “Potain” brand new cranes. Our purchases from Manitowoc were HK\$127.5 million, HK\$189.4 million, and HK\$44.8 million for the years ended 31 December 2007, 2008 and 2009 respectively which were equivalent to approximately 73.4%, 79.3% and 43.3% of our total purchases during these years. The price of the new tower cranes is determined through negotiation with Manitowoc on case-by-case basis, typically at a discount to Manitowoc’s official listed price. Manitowoc typically offers credit lines to us of up to 12 months and market interest rates are payable for utilisation of these credit lines. During the Track Record Period, we had incurred aggregate interests of approximately HK\$5.7 million for utilising this facility.

Under current supply arrangement with Manitowoc, we are not the exclusive distributor of “Potain” brand tower cranes in each of Hong Kong, Macau and Singapore. During the Track Record Period, there has been no formal written distribution agreement between the Group and Manitowoc although the Group has been recognised by Manitowoc publicly as its distributor of “Potain” brand tower cranes in Hong Kong, Macau and Singapore. Manitowoc only supplies “Potain” brand tower cranes to the Group in each of these regions. The management understands it is Manitowoc’s commercial decision to have only one distributor at each geographical location to streamline its distribution channel, and it intends to continue with such arrangement. Current supply arrangement is based on recurring transactions and the long-term business relationship between the Group and Manitowoc. The Group intends to maintain the current supply arrangement with Manitowoc as described above.

The Group did not enter into any formal distribution agreement in respect of “Potain” tower cranes with Manitowoc because the management believed that would allow the Group to retain more flexibility in its tower crane trading and rental business. For example, the Group is not restricted by any non-competition clause and is able to trade new and used tower cranes of different brands if the Group sees fit. In respect of our rental businesses, while we have been carrying only “Potain” tower cranes in our rental fleet due to our long term relationship with Manitowoc, we retain the flexibility such as at our rental customers’ requests, to purchase tower cranes of different brands from other manufacturers.

Used tower cranes for our trading and rental operations

In respect of used cranes, we do not have any specific supplier and the used cranes are either sourced from Independent Third Parties or cranes in the Group's rental fleet traded as part of our equipment renewal process. The price of the used tower cranes is also determined through negotiation with the owners with reference to the age, specification and condition of the cranes. During the Track Record Period, we had traded only "Potain" brand used cranes in our own rental fleet as well as those sourced from Independent Third Parties. While we are able to source at least five suppliers of tower cranes comparable to "Potain" tower cranes, we had not sourced new cranes of other brands from other suppliers in the past.

Other suppliers for subcontracting services and leasing of cranes for onward rental

For our rental business (and for trading business upon request by the customers), we may subcontract certain work processes such as installation and dismantling of tower cranes, mobile crane hauling and lifting services to third party suppliers. The subcontracting fees incurred for these services amounted to approximately HK\$5.9 million, HK\$10.4 million, and HK\$8.5 million for the years ended 31 December 2007, 2008 and 2009 respectively, representing about 20%, 21% and 13% of the direct cost relating to rental, servicing and others. The subcontractors to which we outsource our work are all qualified to carry out the works and are Independent Third Parties. We select our subcontractors based on their reputation in the industry and past experience working for us. The terms in the subcontracting agreement are based on arm's length negotiation and are project based. The subcontracting fee is decided with reference to the project size and scope of the work to be carried out. In Hong Kong, the major subcontractors have had over 12 years of business relationship with us. Meanwhile, we have about 3 years of business relationships with our major subcontractors in Singapore on average as Manta Singapore only started subcontracting installation and dismantling of tower crane work processes in recent years when demand exceeds the capacity of our in-house servicing team. We are responsible for the insurance coverage related to the tower cranes whereas our main contractors are responsible for the third party liability insurance which covers us and our subcontractors on a case by case basis. In Singapore, subcontractors are engaged only in carrying out the work as contracted and responsible for their workers' workmen's compensation in case of work injury. Manta Singapore is responsible for all other insurance coverage and seeking approval from the authorities before the crane can be operated. As confirmed by our Directors, during the Track Record Period, there has been no accidents involving our tower cranes when our subcontractors were conducting their work. In addition to the above subcontractors, our suppliers also include third parties who we lease cranes from for onward rental to our customers.

HEK mast-climbing work platform

We also engage in the sales of HEK mast-climbing work platform manufactured by Alimak Hek in Hong Kong. There had been no formal written distribution agreement between the Group and Alimak Hek as the supply arrangement is based on mutual understanding, and long-term trading relationship. Based on our understanding, Alimak Hek also has other distributors in the region which we operate. During the Track Record Period, the total purchases from Alimak Hek were approximately HK\$10.2 million, HK\$0.1 million and HK\$0.1 million, respectively.

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Our top five largest suppliers accounted for about 83.7%, 84.6% and 57.9% of our total purchases for the years ended 31 December 2007, 2008 and 2009 respectively. Besides Manitowoc, our top suppliers during the Track Record Period included Alimak Hek, third party contractors for installation and dismantling of tower cranes as well as third parties whom we lease cranes from for onward rental to our customers. So far as the Directors are aware, none of the Directors, their respective associates, or shareholders who own more than 5% of the issued share capital of the Company (immediately upon completion of the Share Offer, but assuming the Offer Size Adjustment Option has not been exercised), had any shareholding interest in any of the aforementioned five largest suppliers of the Group during the Track Record Period.

INVENTORY AND CONSUMABLES

Our inventory principally consists of equipment (mainly tower cranes) held for trading, replacement and spare parts. While back-to-back orders are usually placed for new equipment transaction, occasionally we may place orders based on forecasted trading demands in order to reduce delivery lead time to our customers. Such equipment will be carried as inventory prior to sale to customers or pending rental arrangements. Used tower cranes in our fleet which have been identified for sale as part of our fleet renewal exercise will also be placed in inventory.

Replacement and spare parts are carried as inventory for sale to our customers or for use by our repair and maintenance services. These replacement and spare parts are mainly generic items which can be used on most models of cranes and equipment and have long shelf life. There has been minimal obsolescence on these parts.

INSURANCE

In relation to risks associated with loss of assets, our Singapore operations maintain full insurance coverage for our landed properties, our equipment for sale or for rent, our storage and maintenance facilities, as well as third party liability. Our Hong Kong operations maintain full insurance coverage for our landed properties and our tower cranes for rent after being deployed at the construction site. In respect of the storage facilities in Kam Tin, Hong Kong for machinery and equipment for rent and sale, there is only insurance coverage for third party liability since open storage premises insurance coverage for theft and flood is generally not available in Hong Kong whilst the Directors consider that the costs of insurance coverage for fire for open storage premise are too high for us to justify the benefits of maintaining such insurance coverage. Our Vietnam operations maintain full insurance for our tower crane rental fleet. As at 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.

For our rental and trading operations, we maintain insurance coverage for risks associated with the operations of the equipment rented out by us. Specifically, the insurance policies cover areas such as product liability, third party liability and liabilities relating to operations of the equipment which we rent out. Notwithstanding, we are not liable to the product liability associated with the new and used tower crane sold in our trading business. In respect of the new tower cranes sold, Manitowoc is

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responsible to cover any product liability as the manufacturer. In respect of the used cranes, under the terms of the contracts, the customer is responsible for the inspection of the tower crane before accepting it and we as the trader are not liable for any claims on product liability associated with subsequent use of the tower cranes.

During the Track Record Period, there was one hazardous incident in Vietnam involving a tower crane rented by Manta Vietnam to Construction & Foundation Engineering Company Number 20 (“Licogi 20”). Licogi 20, as the lessee, subcontracted the dismantling work of the tower crane. During the dismantling of the crane on 8 May 2007, the jib of the crane fell causing damages to three houses which were adjacent to the construction site of Licogi 20. According to the rental contract signed with Licogi 20, Licogi 20 was obligated to purchase and maintain insurance policies which cover all legal liability arising from the transportation and usage of the crane, including public liability, personal injury insurance, third party liability and work accident insurance. Licogi 20 was also responsible for complying with all safety measures in the installation, dismantling and operation of the cranes.

As advised by the Group’s legal adviser in Vietnam, there will be no potential liability for Manta Vietnam in connection with this incident as Manta Vietnam did not engage the subcontractor to provide the dismantling work for Licogi 20, and Licogi 20 has fully settled the liabilities in relation to the incident by paying the compensation for the damages occurred.

As at the Latest Practicable Date, there were no claims relating to incidents in which we incurred liabilities payable. All future claims of similar nature, if any, would have been fully covered by the insurance policies and as a result there should be no material impact on our financial performance. Our insurance policies are reviewed on an annual basis.

EMPLOYEE TRAINING AND LICENSES

Employee training

We place strong emphasis on the training and development of our staff. Training programs on technical knowledge and safety issues are conducted by our operations and safety managers to staff regularly throughout the year. New employees are required to attend induction courses to ensure that they are equipped with the necessary skills and knowledge to perform their duties.

Selected technical staffs are sent to attend external trainings conducted by manufacturers such as Manitowoc to acquire up-to-date technical skills and knowledge on the products which we sell and rent out to customers. General skills are imparted by our supervisors on-the-job on regular basis. Refresher classes are conducted periodically to ensure staffs are kept up-to-date on the relevant skills and knowledge relating to their job functions.

Licenses

To comply with the regulatory requirements in relation to servicing employee safety for tower crane operations, our servicing team members have to be trained at qualified institutions and maintain relevant operational licenses in order to conduct their work.

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In Hong Kong, crane erectors (involving in the installation, jacking-up and dismantling of tower cranes) are required to attend training courses offered by the Construction Industry Council Training Academy (CICTA or 建造業議會訓練學院) in order to qualify for the safety certificates issued by the Commissioner for Labour. These qualifications are renewable subject to satisfaction of all renewal criteria. Furthermore, our staff who are involved in provisions of ancillary services, such as electrical work, mechanical work and maintenance work (such as welding) have attended the relevant training courses and obtained the relevant certificates, including certificate of registration of electrical worker issued by the Electrical and Mechanical Services Department of the Government of Hong Kong, certificate of specific training course for construction plant mechanic issued by the Construction Industry Council Training Academy of Hong Kong, certificate for gas welding safety training course issued by the Construction Industry Council of Hong Kong and certificate of tower crane general examination and maintenance issued by the Construction Industry Council Training Academy of Hong Kong.

In Macau, there is no specific certificate or permit required for crane erectors. However, crane erectors have to comply with all necessary safety conditions of the site. Any installation, fixing, dismantling, modification, examination and maintenance of tower cranes have to be performed by skilled workers under supervision and inspection of a qualified personnel of the site.

In Singapore, no person may install, repair, alter or dismantle a tower crane unless the person holds a Certificate of Registration as a qualified crane erector from the MoM. The qualifications necessary for registration include sufficiency in years of experience and completion of the appropriate training course conducted by an acceptable institution of the authorities. Certificates of Registration are valid for two years unless otherwise stated in the certificate.

Whereas in Vietnam, we only carry out business in tower crane rental and do not maintain an in-house servicing team. We outsource all the installation, dismantling and maintenance service works to subcontractors and does not provide crane operators for the customers.

During the Track Record Period, all of our servicing teams in Hong Kong and Singapore have acquired the required certificates listed above under this sub-section and therefore our respective teams are qualified to carry out their job duties in Hong Kong, Macau and Singapore respectively. In Vietnam, we only carry out business in tower crane rental and do not maintain an in-house servicing team and we outsource all the installation, dismantling and maintenance service works to subcontractors and do not provide crane operators for the customers.

SALES AND MARKETING

Our sales and marketing team in Hong Kong consists of 2 persons and is led by our sales and marketing manager, Mr. Ku Koon Wah. The sales and marketing team in Singapore is led by Mr. Teo Yang Khoon and consists of 4 persons. These sales and marketing teams are responsible for maintaining customer relationships, securing new trading and rental contracts, exploring new business avenues, market development and promotional activities. The sales and marketing team members regularly contact existing customers and make cold calls to potential customers to understand their business needs and requirements and where necessary, make recommendations on suitable tower crane models and equipment. Upon securing sales and rental orders, the sales and marketing teams also serve

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as the first contacts with customers. The teams publicise our services through marketing activities such as advertising in industry magazines and inviting customers to our suppliers' product launches. A website (www.mantagroup.com.hk) has been set up to provide information on our products and services as well as contact information.

PROPERTY

Owned properties in Hong Kong and Singapore

As at the Latest Practicable Date, our Group owns our office and godown premises in Hong Kong which is located at Unit H, 9/F, Valiant Industrial Centre 2-12 Au Pui Wan Street, Fotan, New Territories, Hong Kong and has a gross floor area of 2,711 sq.ft.. According to the occupation permit, the use of this property is for workshop and ancillary accommodation for non-domestic use. The current use of the property in term of percentage of total gross floor area used as office and godown is about 30% and 70% respectively. There is a concern on whether the current use of this property is in full compliance with the occupation permit. According to LCH (Asia-Pacific) Surveyors Limited, an independent qualified professional surveyor, the costs for modification of conditions of the use of this property is about HK\$40,000 to HK\$50,000 per year. For prudence, we shall apply to the relevant authorities for consent to such use by making the prescribed payments for modification of conditions. In case the application fails, we shall reconfigure the usage of this property to comply with the prescribed use.

In Singapore, we hold the leasehold interest in an industrial complex consisting of office and adjacent equipment storage and workshop facilities located at 10 Tuas Drive 2, Singapore, which has a gross floor area of approximately 14,345 sq.ft. and gross land area of approximately 61,351 sq.ft.. The current leasehold interest in the industrial complex will expire on 31 December 2011. A conditional extension of the leasehold interest has been obtained by our Group till 31 July 2037, subject to the compliance to all covenants in the current lease. No payment is required to be made by the Group for this extension and the Group is capable of complying with all relevant covenants.

Leased properties in Hong Kong, Singapore and Vietnam

In Singapore, we lease a parcel of land at Shipyard Road with a gross area of 35,000 sq.ft., which is used as equipment storage. The lease is currently being renewed on yearly basis.

In Hong Kong, we currently lease four parcels of land located in Kam Tin, Hong Kong under two separate sub-tenancy agreements with the same party with an aggregate gross land area of approximately 73,473 sq.ft.. The Kam Tin site is mainly used for equipment storage purpose. As advised by our legal advisers as to Hong Kong law, we have entered into the sub-tenancy agreements with the party whose rights to grant such sub-tenancies to us are in doubt. The Kam Tin site covers 4 lots of land which Fulland Development Limited ("FDL") has leased to Manta Rental under some sub-leasing arrangements for 3 years from 1 January 2010 to 31 December 2012 pursuant to two separate tenancy agreements both dated 15 December 2009 (the "Sub-tenancy Agreements"). In respect of the Sub-tenancy Agreement relating to Lot Nos. 1144 (part) and 1148 (part) in Demarcation District No. 111, FDL's right to lease the lots to Manta Rental is in doubt as it does not appear to have derived a proper title from the registered owner of the lots in question. Moreover, in respect of both

of the Sub-tenancy Agreements, FDL has granted to Manta Rental a sub-lease term which is longer than it is entitled to grant. We have approached FDL for discussion with a view to resolving these issues. As advised by our legal advisers as to Hong Kong law, our Group may be liable to allegation of trespassing by the ultimate owners of the parcels of land or other relevant parties, who might evict us from the land and claim for the open market rental for our occupation of the lands. Our legal advisers have also advised that in the event the aforesaid actions are taken by the ultimate owners or other relevant parties, our Group could make a claim against FDL on the ground of misrepresentation that FDL has the right to sub-lease the aforesaid lots to Manta Rental.

The Directors advise that on the basis that the claim for the open market rental was from the commencement of the use of the lands in 1999 up to the Latest Practicable Date and given that the rentals which our Group had paid throughout the relevant period were based on arm's length negotiations with the immediate lessor(s), hence, representing the open market rentals at the relevant times, the claim would amount to around HK\$8.6 million. Since the Mulpha has agreed to indemnify the Group in the event of any such claim, therefore we have made no provision for any such claim.

We have approached FDL with a view to resolving the above problems. Meanwhile, given such uncertainties and concerns and depending on the progress and outcome of our discussion with FDL, our Group is prepared to relocate to other locations before expiry of the leases with FDL in December 2012. We have commenced identification of alternative sites and expect to identify the suitable site for relocation by the end of 2010. The expected relocation cost is approximately HK\$0.6 million.

In Vietnam, we had previously sub-leased an office from Asian Fame, a subsidiary of Mulpha, at Nguyen Thai Binh Ward, District 1, Ho Chi Minh City which has gross floor area of approximately 30 sq.m. As Asian Fame was not lawfully licensed to sublease this office space, as advised by our legal advisers as to Vietnamese law, the subleasing arrangement has been cancelled and in place, a leasing arrangement directly with the owner of the said office space has been entered into in April 2010. The legal adviser has advised that given the illegality has been rectified, there will be no penalty or any legal consequence on the part of Manta Vietnam. We also lease from two individuals a parcel of land in Thu Duc District, Ho Chi Minh City with a gross land area of 2,835 sq.m. which is used as equipment storage facility. As advised by our legal advisers as to Vietnamese law, Manta Vietnam as a foreign invested company is not permitted to lease land from Vietnamese individuals for conducting its business activities and is only allowed to lease land directly from the Vietnamese government and authorised organisations such as industrial zone developers. At the same time, the land use right certificate for the said parcel of land stated its use is for residential and planting perennial crops, while we are currently using the premise for commercial and industrial purposes. Manta Vietnam has therefore not complied with the stipulated land use. Given such issues, our Group intends to relocate to other locations upon expiry of the said lease in September 2010. We have commenced identification of alternative sites. As advised by our legal advisers as to Vietnamese law, the entering into of the said lease by Manta Vietnam and its usage for wrongful purpose may result in administrative fine of up to VND 30 million (approximately HK\$12,500) being imposed on Manta Vietnam.

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Our Directors believe there is ample supply of land for lease for storage purposes in Hong Kong, Singapore and Vietnam. They are of the view that suitable locations can be identified in the event that relocation is required and there will not be material disruptions to our business operations. For details of the properties owned and leased by us under operating lease, please refer to the Valuation Report from the independent qualified professional surveyor as included in Appendix III of this prospectus.

CREDIT MANAGEMENT

Our rental operations

We typically require customers who rent our tower cranes to provide deposits of an amount equivalent to up to 2 months of monthly rental prior to delivery and installation of the cranes at their work sites. The amount of deposits required varies depending on our assessment of the customers' credit worthiness. Thereafter, rental charges are invoiced on a monthly basis till conclusion of the rental contract.

Credit terms for our rental customers vary based on credit worthiness appraisals and their payment history. Typically, we grant credit terms of up to 60 days to rental customers.

Our management believes that credit management for our rental operations has been effective during the Track Record Period. For further discussion on our trade receivable, please refer to the section headed "Financial information — Trade receivables".

Our trading operations

We typically require customers to place a down payment of up to 20% of purchase price when placing orders to purchase new cranes and up to 30% of purchase price when placing orders for used cranes. Customers will be invoiced for the balance of payment upon delivery of the cranes. Typically, we grant credit terms of up to 60 days to trading sales customers.

We typically make a down payment of up to 20% of the purchase price when we place orders with Manitowoc. In the event that the order is cancelled, such down payment will be forfeited while no further penalty will be charged. Manitowoc also grants us a 360-day credit facility where interests will be charged. During the Track Record Period, we had incurred aggregate interests of approximately HK\$5.7 million for utilising this facility.

Our credit committee

For the purpose of credit management, we have set up a credit committee which consist of six members, being the three executive Directors, our Chief Financial Officer, the financial controller of Manta Hong Kong and the finance manager of Manta Singapore.

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All our new customers have to be reviewed by the credit committee prior to commencement of business transactions. The credit committee will review the background and financial resources of the customers to determine their credit worthiness. It will then decide whether to proceed with the business transactions and the form of payments to be imposed. The credit committee will also conduct periodic reviews on existing customers, which are internally graded into five categories based on their assessed credit worthiness. Existing customers' ongoing payment records will be checked to determine the necessity of upgrading or downgrading.

COMPETITION

We consider the trading and rental of tower crane markets in Hong Kong, Macau, Singapore and Vietnam to be competitive. Regulatory control and requirements are mainly placed on the technical personnel involved and the tower cranes and equipment instead of the crane supply companies.

There exist other brands of tower cranes which compete against the Potain cranes which we distribute. These brands include Comansa, Comedil, Yong Mao, Jaso and Liebherr. There are also other companies operating in the same businesses as ours, which have established their presence in the markets we operate. Based on market information available to us, these tower crane trading and leasing companies include Arcomet Asia Pte Ltd, Access Systems Technology Pte Ltd and Tiong Woon Crane Pte Ltd in Singapore, Shriro Machinery Ltd, Moreton Engineering & Equipment Co., Ltd, AST Equipment (HK) Co., Ltd., Hontrade Engineering Ltd and Proficiency Equipment Ltd. in Hong Kong. As far as we are aware, some of our customers maintain a panel of tower crane service providers which they will select based on factors such as pricing, unique requirements of different projects, crane efficiency under different operating conditions and service supports. The Group must therefore compete with these competitors for our customers' businesses.

Notwithstanding the above, we believe our competitive strengths lie in our reputation built up over more than 20 years, our established relationships with both our suppliers and customers, our responsiveness towards our customers in terms of after-sales and maintenance services, as well as the diversified customer base which we have built up.

PRINCIPAL STRENGTHS

We believe we possess the following strengths that enable us to maintain our competitiveness against our competitors and differentiate us from other competitors.

We have established relationships with our suppliers

We have been a distributor for "Potain" branded tower cranes in Hong Kong and Macau since 1976, and in Singapore since 1997. We have received various recognition and accolades from Manitowoc for being a leading distributor. Such relationship enables us to gain access to up-to-date information as well as technical support directly from Manitowoc. The ability to source the spare parts in time improves our quality of maintenance and repair services. Our relatively large and repeat orders may enable us to obtain favourable discounts and delivery schedules from our major supplier, Manitowoc, from time to time. This in turn enhances our pricing competitiveness.

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We have experienced and responsive in-house servicing teams

Customers place high emphasis on after-sales services for cranes sold and maintenance services for cranes rented to them. We maintain in-house servicing teams in Hong Kong and Singapore which can respond promptly to customers' maintenance and repair requests, especially in emergency situations. We also exercise greater control over the quality of services by providing continuous training to personnel of our in-house servicing team. This compares favourably with some of our competitors which outsource maintenance services to third party subcontractors.

We have a diversified customer base, many of which have long business relationships with us

We have established long term business relationships with many construction contractors for both our rental and trading operations. Our diversified customer base is evidenced by the fact that our revenue for the year ended 31 December 2009 was generated from more than 100 customers. At present, a substantial portion of our revenue is from repeat customers where for example, out of our top five customers for the year ended 31 December 2009, two have had business relationships with us for close to 10 years. These business relationships also help us to secure new deals through customers' referral so long as we maintain our pricing competitiveness and our servicing quality.

Our management team has proven track record and extensive experience in the tower crane rental and trading businesses

We believe that our management team has the relevant industry experience and professional skills to lead our Group through future challenges. Our executive Director and Chief Executive Officer, Mr. Quek, has over 20 years of experience in the tower crane business and has been with our Group since 1999. Our executive Director and General Manager, Mr. Lai Siu Shing, has over 20 years of industry experience and have been with the Group since 1976. Many key members of our operations, sales and accounting functions have also been with the Group for more than five years and have extensive operational experience in our business.

BUSINESS STRATEGIES AND FUTURE PLANS

Our long term business objective is to continue to strengthen our position as a tower crane provider in Hong Kong and Singapore, and to further expand our presence in the Macau and Vietnam markets. To achieve the above, we intend to:

Increase our rental capacities through expansion of our rental fleet

We strive to serve as a one-stop tower crane rental company which meets our customers' varied requirements, and we intend to utilise part of the proceeds from the Share Offer to expand our tower crane rental fleet to include those of higher free-standing heights and larger lifting capacities. To ensure we can meet customers' demand promptly and to speed up delivery lead-time, we intend to increase the number of cranes in our rental fleet. The Directors noted that (i) there has been continued growth in our rental business as observed during the Track Record Period; (ii) the increase of capacity

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resulting from the increase of our rental fleet by 14.8% is manageable considering current demand; and (iii) the lease-out rate as at 30 April 2010 is comparable to that as at 30 April 2009 as shown in the section headed “Financial information — Revenue”. They believe by purchasing tower cranes with a wider range of specifications which fit the requirements of our customers, there will be continuous demand for our tower cranes.

Upon the Listing, we intend to use approximately HK\$20.0 million of net proceeds from the the Share Offer for tower crane acquisition. In particular, we expect to use such proceeds for down payments for the acquisition of approximately 19 new cranes (at total consideration of approximately HK\$68.2 million) for our rental fleet and the balance purchase price of approximately HK\$48.2 million will be financed by finance lease as we normally do for our rental fleet. As at the Latest Practicable Date, we have 128 tower cranes in our rental fleet (including 27 tower cranes which we leased from third party owners for onward rental to our customers). These 19 new tower cranes are therefore expected to increase our rental fleet by about 14.8%.

Given the rental fleet expansion, we also intend to expand our storage facilities to accommodate our larger tower crane fleet by leasing additional land in the New Territories and Singapore. We have identified a piece of land of about 120,000 sq.ft. in Singapore for our additional storage and workshop capacities and have commenced negotiations with the owner for leasing. Upon signing of the lease agreement, it is expected that additional workshop facilities will be built on this piece of land. Meanwhile, we are in the process of identifying suitable piece of land in New Territories, Hong Kong. Part of the costs of this facilities expansion of approximately HK\$3.3 million will be financed by net proceeds from the Share Offer.

Enhance our servicing capabilities and workshop facilities

We recognise the importance placed by customers on after-sales services for cranes sold and maintenance services for cranes rented to them. To ensure we are competitive and maintain high servicing standards, we intend to expand the number of personnel in our servicing team by hiring around 10 skilled workers and/or technicians and to provide them with continuous training. We also intend to expand and improve our storage facilities and service and maintenance workshop by investing approximately HK\$3.3 million of net proceeds from the Share Offer.

Expand our trading operations by increasing and diversifying our trading of construction equipment in addition to tower cranes and mast-climbing work platforms

Our customers are mainly from the construction and infrastructure sectors where in addition to tower cranes, will also require other construction-related equipment such as road rollers, haulers and loading platforms. We intend to leverage on our existing business relationship to supply products, other than tower cranes, to these customers. The above plan also provides us the benefit of diversification from over-reliance on our tower crane business. At the moment, we have not identified any new product and/or supplier and are not currently in negotiation with any new supplier on distributorship of other construction equipment.

As a result of the expansion of our rental capacity, we expect our rental, servicing and other income will increase and may account for a larger proportion of our total revenue. As mentioned in

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the section entitled “Business — Source of revenue and our customers — Customer preference”, the management of the Company believes one of the reasons that the gross profit margin for our rental, servicing and others operation was comparatively more stable than the gross profit margin for trading of cranes was due to the larger number of cranes in the rental fleet, which smoothens the effects of rental rates fluctuations and has in turn led to a more stable gross profit margin during the Track Record Period. As we intend to utilise the net proceeds from the Share Offer to increase the number of cranes in the rental fleet, given that all other expenses of the Company remain at the same level, the overall profit margin arising from the expansion of the rental capacity will be more stable in the future. The expansion of our rental fleet will result in an increase in depreciation charges, and may change the amount of deferred tax recognised in relation to the Group’s fixed asset for the subsequent years. The use of a portion of net proceed from the Share Offer of approximately HK\$11.0 million for trading purposes is not expected to affect our financial performance materially given that such amount is not material.

INTELLECTUAL PROPERTY

Trademark

As at the Latest Practicable Date, we have applied for and pending the registration of the following trademark in Hong Kong, Singapore, Macau and Vietnam:



Save as the above, our business or profitability is not dependent on any patent or license or any other intellectual property rights. As at the Latest Practicable Date, we had not engaged in, and were not aware of, any litigation or legal proceedings for violation of intellectual property rights or any material violation.

Domain name

As at the Latest Practicable Date, we had registered the following domain name(s), details of which are out below:

www.mantagroup.com.hk
www.mantasin.com.sg

For further details of our intellectual property rights, please refer to the section headed “Statutory and general information” in Appendix V to this prospectus.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

We have obtained all licences, certificates and approvals for our operations in Hong Kong, Macau, Singapore and Vietnam. We have been advised by our legal advisers in the various jurisdictions within which we operate that save for general duties relating to environmental protection which are applicable to all individuals and enterprises, there are no specific environmental obligations

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under laws applicable to our operations. Save as disclosed below, as at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim is known to our Directors to be pending or threatened by or against us that would have a material adverse effect on our operation results or financial condition. Save for the incident related to Manta Vietnam as disclosed in the “Insurance” section in this prospectus, there was no hazardous incident or accident in Hong Kong, Macau and Singapore arising from the use of the Group’s equipment during the Track Record Period.

The Group received two letters of claim on 8 June 2009 and 26 May 2010 for damages in connection with an accident on the night of 21 September 2008 at our storage yard in Kam Tin, Yuen Long, New Territories, Hong Kong (the “Yard”). The claimant was assigned by a security guard company retained by Manta Rental to work at the Yard as a security guard. He was attacked while on patrol in the Yard and sustained personal injuries. The claimant alleges negligence and/or breach of occupier’s duty and/or statutory duty on the part of Manta Rental. As advised by the legal adviser to Manta Rental on this potential claim, given that the claimant was not an employee of Manta Rental, it will be difficult for him to establish a claim or action against Manta Rental for his occupational safety in terms of the occupier liability. Even if the claim is established, Manta Rental bears a small apportionment of liability. As at the Latest Practicable Date, no formal legal action has been taken by the claimant against Manta Rental. Preliminary assessment of the claimant’s claim for damages, interest and costs on full indemnity basis was about HK\$760,000. Manta Rental has sought coverage from a public liability insurance policy taken out with an insurance company, which, however, disclaims liability on the ground that Manta Rental was in breach of the policy condition for late notification of the accident. Mulpha has agreed to indemnify Manta Rental for the claim amount, if any. On this basis, no provision for potential claim against the Group has been made in the Group’s financial statements.

In the event of any future incident of similar nature which may lead to liability claims on us, we have established a procedure where the responsible personnel shall report the incident to the insurance company for formal record within 24 hours of the incident. Our manager in charge of services and logistics will monitor and ensure that such procedure is followed.

The Directors have confirmed that during the Track Record Period, there were no accidents involving our tower cranes and mast-climbing work platforms which had resulted in any claims on us.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer, Mulpha will through its wholly-owned subsidiaries be entitled to exercise or control the exercise of 75% of the issued share capital of our Company (assuming that the Offer Size Adjustment Option is not exercised). Mulpha is listed on the Main Market of Bursa Malaysia Securities Berhad (being the stock exchange of Malaysia) and is a component stock of the FTSE Bursa Malaysia KLCI (a composite index consisting of companies listed in the Main Market of Bursa Malaysia). Mulpha Group is a diversified conglomerate engaging in property development and investment, infrastructure and civil construction, and investment activities. Its businesses cover Malaysia, Vietnam, Singapore, PRC, Hong Kong and Australia. Mulpha Group recorded turnover of RM866.2 million (HK\$1,992.3 million) and RM671.9 million (HK\$1,545.4 million) in its two financial years ended 31 December 2009. During the corresponding periods, it

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recorded a loss of RM111.3 million (HK\$256.0 million) and a profit of RM10.5 million (HK\$24.2 million) respectively. As at 31 December 2009, Mulpha Group's net asset value amounted to RM2.3 billion (HK\$5.3 billion). As at the Latest Practicable Date, Mulpha was controlled as to 34.80% by Madam Yong Pit Chin and Mr. Lee Seng Huang, who is the chairman of Mulpha.

Past connected transactions with Mulpha are set out in the section headed "Connected transactions" in this prospectus. Going forward after the Listing, our Directors do not expect that there will be any significant transactions between our Group and Mulpha.

Publication of financial information

The obligations of Mulpha and the Company in respect of publication of financial information are summarised below:

Obligations of Mulpha

Under the listing rules of Bursa Malaysia, Mulpha is required to announce its unaudited financial results on a quarterly basis ("Mulpha Quarterly Results") within two months from its financial quarter ends. The financial year-end of Mulpha is 31 December, hence it is required to announce Quarterly Reports for each of the period ending 31 March, 30 June, 30 September and 31 December.

In addition, Mulpha must announce its audited annual financial statement ("Mulpha Annual Results") within a period not more than four months from its financial year-end.

Obligations of the Company

In respect of its financial half-year ending 30 June 2010 and onwards, the Company shall publish its half-year financial results ("Manta Half-year Results") within two months from its half-year end. In respect of its financial year ending 31 December 2010 and onwards, the Company shall publish its annual financial results ("Manta Annual Results") within three months from its financial year-end.

As a subsidiary, the financial results of the Company will be consolidated into the aforesaid Mulpha Quarterly Results and Mulpha Annual Results. In respect of the financial reporting arrangement with Mulpha, the Company will fulfill its obligations under Rule 13.09 of the Listing Rules. As the Group does not constitute a material operating segment of Mulpha, it is currently expected that our financial results will not be disclosed separately in the Mulpha Quarterly Results or the Mulpha Annual Results. In the event that the Group's financial information is specifically and separately disclosed in the Mulpha Quarterly Results and/or the Mulpha Annual Results, or otherwise enters the public domain, the Company will make announcement as necessary.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Business and administrative independence

Our Directors believe we are able to carry on our business independently of our Controlling Shareholders as we do not have any business transactions (both sales and purchases) with any of them. Our management team and staff handle our day-to-day operations independently and we also have independent access to our customers and suppliers. All essential administrative functions such as financial and accounting management, human resources and information technology, are being conducted independently without the support of Mulpha.

Mr. Chung, being the Chairman of our Company who is involved in the setting of our business directions and policies, is also the chief executive officer of Mulpha. Save for Mr. Chung, none of the members of the Board hold any directorship or position in Mulpha, and there is no overlapping senior management between our Group and Mulpha.

Financial independence

During the Track Record Period, Mulpha and its associates had extended loans to us which amounted to approximately HK\$33.9 million, HK\$34.5 million and HK\$36.8 million as at 31 December 2007, 2008 and 2009 respectively. An amount of approximately HK\$11.3 million of the aforesaid loans have been partially settled subsequent to 31 December 2009 and the remaining amount of approximately HK\$25.5 million was capitalised as part of the Reorganisation prior to the Listing.

As at 31 December 2009, our Group had an aggregate amount of approximately HK\$8.4 million in bank borrowings and approximately HK\$67.3 million in finance lease payables which Mulpha had acted as a guarantor. The aforesaid bank borrowings and finance lease payables will be repaid or the relevant guarantee arrangement will be released prior to the Listing.

The Directors confirm that our Group has the ability to operate independently from the Controlling Shareholders and their associates from the financial perspective.

NON-COMPETITION UNDERTAKING

The Controlling Shareholders do not have any interests in any business that competes or is likely to compete with the Group and none of our Directors are interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business.

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Nevertheless, the Controlling Shareholders have entered into a deed of non-competition (the “Deed”) in favour of our Company, pursuant to which the Controlling Shareholders have undertaken to our Company that it would not, and would procure that its associates would not, during the restricted period set out below, directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as an investor, a shareholder, principal, partner, director, agent, employee, consultant or otherwise or whether for profit, reward or otherwise) any business which is or may be in direct or indirect competition with the principal business of any member of our Group from time to time (the “Restricted Business”). Such non-competition undertaking also provides that:

- (a) the independent non-executive Directors would review, at least on an annual basis, the compliance with the non-competition undertaking by the Controlling Shareholders, the options, pre-emptive rights or first rights of refusals provided by the Controlling Shareholders on its existing or future competing businesses;
- (b) the Controlling Shareholders undertake to provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the non-competition undertaking;
- (c) our Company should disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the undertaking (e.g. the exercise of options or first rights of refusals) either through the annual report, or by way of announcements to the public; and
- (d) the Controlling Shareholders shall provide an annual declaration on compliance with the non-competition undertaking in the annual report of our Company.

Such non-competition undertaking is conditional upon Listing and does not apply to:

- (a) any interests in the shares of any member of our Group; or
- (b) interests in the shares of a company other than our Group which shares are listed on a recognised stock exchange provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts which are prepared according to the applicable accounting principles and standards; or

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- (ii) the total number of the shares held by the Controlling Shareholders and/or their associates in aggregate does not exceed 5% of the issued shares of the company in question and the Controlling Shareholders and/or their associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholders and their associates in aggregate.

The “restricted period” stated in the Deed refers to the period during which (i) the Shares of our Company remain listed on the Stock Exchange; and (ii) the Controlling Shareholders and/or their associate holds an equity interest in our Company and (iii) the Controlling Shareholders and/or their associates jointly or severally are entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company. The entering into of the Deed by the Controlling Shareholders is not subject to any shareholders’ or regulatory approval.

CONNECTED TRANSACTIONS

During the Track Record Period, we have entered into a number of transactions with companies controlled by Mulpha, which owns 75% (assuming that the Offer Size Adjustment Option is not exercised) of our issued Shares upon the Listing. Any transactions entered into between us and any Mulpha and/or companies controlled by Mulpha will therefore constitute connected transactions for our Company under the Listing Rules. Details of the connected transactions between our Group and Mulpha are set out below. The Directors confirm that they are of the view that the connected transactions were based on normal commercial terms.

Amounts due to fellow subsidiaries

In the past, our Group has financed its operations in Hong Kong and Singapore by borrowings from Mulpha, our Controlling Shareholder, and its subsidiaries.

During the Track Record Period, Manta Singapore has obtained a shareholder's loan from MIB Pte Ltd, an indirectly wholly-owned subsidiary of Mulpha, to finance its operations in Singapore. The amount due to MIB Pte Ltd were approximately HK\$30,795,000, HK\$31,297,000 and HK\$33,439,000 as at 31 December 2007, 2008 and 2009 respectively. The terms of the loan were determined under arm's length negotiation and prevailing market interest rates. The loan was unsecured and repayable on demand by MIB Pte Ltd. The effective interest rate charged for the loan were approximately 3%, 3% and 2% as at 31 December 2007, 2008 and 2009 respectively.

The outstanding balance of the shareholder's loan as at 28 February 2010 was S\$4,278,000 (equivalent to HK\$23,523,000). In June 2010, Manta Singapore has repaid S\$1,768,000 (equivalent to HK\$9,901,000) to MIB Pte Ltd. The entire outstanding balance of the shareholder's loan, together with the interest-free portion due to Asian Fame Development Company Limited as described below, was subsequently capitalised as 31,550,000 Shares on 25 June 2010 (for details, please refer to "Corporate reorganisation and group structure" section in this prospectus). As at the Latest Practicable Date, there was no outstanding amount due to MIB Pte Ltd by our Group.

During the Track Record Period, Manta Hong Kong has obtained a loan from Asian Fame Development Company Limited ("Asian Fame"), a directly wholly-owned subsidiary of Mulpha, to finance its operations in Hong Kong. The interest-bearing portion due to Asian Fame referred to the principal amount of the loan, which amounted to approximately HK\$1,313,000, HK\$1,313,000 and HK\$1,313,000 as at 31 December 2007, 2008 and 2009 respectively. The terms of the loan were determined under arm's length negotiation. The loan was unsecured and repayable on demand by Asian Fame. The interest rate charged for the loan was Hong Kong prime rate plus 3% per annum as at 31 December 2007, 2008 and 2009 respectively. The interest-free portion due to Asian Fame referred to the accrued interests of the loan which amounted to approximately HK\$1,794,000, HK\$1,908,000 and HK\$2,016,000 as at 31 December 2007, 2008 and 2009 respectively.

In June 2010, Manta Hong Kong has repaid in full the interest-bearing portion of the loan to Asian Fame. The interest-free portion, which amounted to HK\$2,033,000 as at 25 June 2010, was capitalised as part of the Reorganisation described in the section headed "Corporate reorganisation and group structure". As at the Latest Practicable Date, there was no outstanding amount due to Asian Fame by our Group.

CONNECTED TRANSACTIONS

Our Group has paid to MIB Pte Ltd and Asian Fame aggregate interests amounting to HK\$991,000, HK\$893,000 and HK\$786,000 for the years ended 31 December 2007, 2008 and 2009 respectively.

Amount due to a related company

During the Track Record Period, Manta Hong Kong has borrowed from Carpo Rich Limited (“Carpo Rich”) to finance its operations in Hong Kong. Carpo Rich is a wholly-owned company of Mr. Ku, who also owns as to 100% equity interest of Pan Ocean, a 12% shareholder of Manta Hong Kong and Manta Singapore prior to the Reorganisation. Carpo Rich was therefore a connected person to our Group as defined under the Listing Rule. The amount due to Carpo Rich were approximately HK\$147,000, HK\$157,000 and HK\$167,000 as at 31 December 2007, 2008 and 2009 respectively. The terms of the loan were determined under arm’s length negotiation and prevailing market interest rates. The loan was unsecured and repayable on demand by Carpo Rich. The interest rate charged for the loan was Hong Kong prime rate plus 3% per annum as at 31 December 2007, 2008 and 2009 respectively.

In April 2010, Manta Hong Kong has repaid in full the amount due to Carpo Rich. As at the Latest Practicable Date, there was no outstanding amount due to Carpo Rich by our Group.

Manta Hong Kong has paid to Carpo Rich interests amounting to HK\$15,000, HK\$10,000 and HK\$10,000 for the years ended 31 December 2007, 2008 and 2009 respectively.

Financial guarantee provided by Mulpha

In our ordinary course of business, our Group would obtain financing from banks and/or financial institution, which are all independent third parties. The financing is usually in the form of bank loans or hire purchase arrangements. In addition to pledged assets, it has been a normal business practice for banks and/or financial institution to ask for a corporate financial guarantee from the ultimate shareholders to secure the borrowings. During the Track Record Period, Manta Hong Kong and Manta Singapore had obtained such corporate financial guarantees from Mulpha for loans with an aggregated amount of approximately HK\$26,373,000, HK\$10,114,000 and HK\$8,399,000 and for finance lease arrangements with an aggregated amount of approximately HK\$43,094,000, HK\$45,951,000 and HK\$67,295,000 during the years ended 31 December 2007, 2008 and 2009 respectively.

As at the Latest Practicable Date, the Group had obtained consents from certain current lenders to release the financial guarantees provided by Mulpha, by replacing them with financial guarantees provided by the Company upon the Listing. For those lenders from which the Group is unable to obtain consents to release the aforesaid guarantees, the Group will repay such lenders using internal cash resources and banking and finance leases facilities with other financial institutions upon the Listing.

CONNECTED TRANSACTIONS

Personal guarantee by a Director

In our ordinary course of business, our Group would obtain financing from independent third parties, primarily banks and financial institution. During the Track Record Period, Mr. Quek, an executive Director, has provided personal guarantees to secure finance lease arrangements obtained by Manta Singapore. The amounts of finance lease payables personally guaranteed by Mr. Quek amounted to approximately HK\$10,782,000, HK\$6,672,000 and HK\$4,763,000 as at 31 December 2007, 2008 and 2009 respectively.

As at the Latest Practicable Date, the Group has obtained consents from certain current lenders to release the personal guarantee provided by Mr. Quek, by replacing them with financial guarantees provided by the Company upon the Listing. For those lenders from which the Group is unable to obtain consents to release the aforesaid guarantees, the Group will repay such lenders using internal cash resources and banking and finance leases facilities with other financial institutions upon the Listing.

Management fee paid to Mulpha

During the Track Record period, Manta Hong Kong has paid a management fee to Mulpha in exchange for the services rendered by Mr. Chung, who is a director of our Company as well as the chief executive officer and an executive director of Mulpha. The management fee paid to Mulpha amounted to HK\$120,000, HK\$120,000 and HK\$120,000 for the years ended 31 December 2007, 2008 and 2009 respectively. The management fee charged by Mulpha to our Group was subsequently terminated by Mulpha from 1 April 2010 onwards. Upon Listing, no management fee will be charged by Mulpha to us and the Company will pay remuneration and/or directors' fee directly to Mr. Chung. Please refer to the section entitled "Directors, senior management and employees — Compensation of Mr. Chung" for details.

Subleasing of office space in Vietnam from Asian Fame

During the Track Record Period, Manta Vietnam has subleased an office space at Nguyen Thai Binh Ward, District 1, Ho Chi Minh City from Asian Fame, a directly wholly-owned subsidiary of Mulpha. Rental paid to Asian Fame amounted to HK\$16,000, HK\$15,000 and HK\$21,000 for the years ended 31 December 2007, 2008 and 2009 respectively.

As Asian Fame was not lawfully licensed to sublease this office space, the subleasing arrangement was not legal. The aforesaid subleasing arrangement with Asian Fame has since been cancelled. In place, a leasing arrangement directly with the owner of the said office space has been entered into in April 2010. The legal adviser has advised that given the illegality has been rectified, there will be no penalty or any legal consequence on the part of Manta Vietnam.

Save for the above, our Directors confirm that the Group did not enter into other transaction with any connected persons as defined under the Listing Rules. As at the Latest Practicable Date, our Directors confirm that all aforementioned connected transactions have been settled and/or terminated and the Group has no intention to enter into any transaction with connected persons as defined under the Listing Rules. Notwithstanding, the Company will comply with the Listing Rules and make announcement and seek its independent Shareholders' approval, where applicable, should any transaction with our connected person fall within the scope as prescribed by Rule 14A of the Listing Rules in the future.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

Our Board of Directors consists of six Directors, being three executive Directors and three independent non-executive Directors.

Name	Age	Position
Chung Tze Hien	59	Chairman and executive Director
Quek Chang Yeow	46	Chief Executive Officer and executive Director
Lai Siu Shing	61	General Manager and executive Director
Cheung Chi Wai Vidy	50	independent non-executive Director
Lau Wing Yuen	45	independent non-executive Director
Louie Chun Kit	45	independent non-executive Director

Executive Directors

Mr. Chung Tze Hien, aged 59, was appointed as a Director on 11 March 2010 and is the chairman of the Board. Mr. Chung currently is the chief executive officer and an executive director of Mulpha. Mr. Chung is also the non-executive chairman of Mulpha Land Berhad, a subsidiary of Mulpha. He is also a non-executive director of Mudajaya Group Berhad and Rotol Singapore Ltd, two associate companies of Mulpha. Mulpha Land Berhad and Mudajaya Group Berhad are listed on the Bursa Malaysia Securities Berhad, while Rotol Singapore Limited is listed on the Singapore Exchange Securities Trading Limited. Mr. Chung was also a non-executive director of Greenfield Chemical Holdings Limited (Stock Code: 582) from December 2003 to November 2009.

Between May 2008 and December 2008, Mr. Chung was a non-executive director of FKP Property Group (“FKP”), a company listed in Australia Stock Exchange Limited. Mr. Chung was nominated by Mulpha as a director in FKP in the interim during the period pending Mulpha’s appointment of a local Australian director who would serve its purpose better.

Mr. Chung, as the chairman of the Board, is involved in the setting of business direction and policies of our Group. Prior to joining Mulpha in 2001, Mr. Chung was an executive director of Sun Hung Kai & Co Ltd from 1996 to 2000. He also worked for and held senior managerial positions in several companies in Singapore and Malaysia involving a variety of industries and businesses. Mr. Chung holds a bachelor degree in commerce from the University of Otago, New Zealand in 1972 and later proceeded to qualify as an Associate Member of the Institute of Chartered Accountants of New Zealand in 1976 and the Institute of Chartered Secretaries and Administrators of United Kingdom in 1977.

Mr. Chung has entered into a service contract with the Company for a term of three years commencing on the Listing Date. Please refer to the section entitled “Director, senior management and employees — Compensation of Mr. Chung” for details.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Quek Chang Yeow, aged 46, was appointed as a Director on 11 March 2010 and is our Chief Executive Officer. Mr. Quek joined Manta Singapore since 1999 as operations manager. Mr. Quek was promoted to the general manager of the Group in January 2003 and was subsequently appointed to be the chief operation officer of Manta Singapore in April 2006. In January 2010, Mr. Quek was appointed to be the chief executive officer of Manta Singapore and Manta Hong Kong. He is mainly responsible for overall business strategy, development and management of our operations. He also oversees our operations in Hong Kong, Macau, Singapore and Vietnam. Mr. Quek has more than 27 years of experience in the construction equipment business. Prior to joining Manta Singapore in 1999, Mr. Quek was a service manager of a construction equipment provider in Singapore.

Mr. Quek has entered into a service contract with the Company for a term of three years commencing on the Listing Date.

Mr. Lai Siu Shing, aged 61, was appointed as a Director on 11 March 2010 and is our General Manager. Mr. Lai joined Manta Hong Kong as a sales representative in 1976. Mr. Lai has worked on a number of positions in Manta Hong Kong and was promoted to the general manager of Manta Hong Kong in 2006. Mr. Lai is mainly responsible business development, marketing and management of Manta Hong Kong and has a primary focus on our Hong Kong and Macau operations. Mr. Lai has more than 37 years of experience in construction equipment business. Prior to joining Manta Hong Kong, Mr. Lai has worked with a construction equipment provider in Hong Kong from 1973 to 1976. Mr. Lai graduated from the Department of Business Administration in Chu Hai College, Hong Kong with a major in commercial science in 1973.

Mr. Lai has entered into a service contract with the Company for a term of one year commencing on the Listing Date.

Independent Non-executive Directors

Mr. Cheung Chi Wai Vidy, aged 50, was appointed as an independent non-executive Director on 25 June 2010. Mr. Cheung is currently a consultant to Coolpoint Energy Limited (Stock Code: 8032) since December 2009, providing consultancy services and assistance in contract negotiation with strategic partners and customers in Hong Kong and the PRC. Prior to joining Coolpoint Energy Limited, Mr. Cheung worked in the Department of Justice of the Government of Hong Kong as a Senior Government Counsel for over 20 years. Mr. Cheung holds a bachelor degree of laws from Ealing College of Higher Education (currently known as Thames Valley University) in 1982. Mr. Cheung was admitted as a Barrister of England in 1984 and as a Barrister of Hong Kong in 1986.

Mr. Lau Wing Yuen, aged 45, was appointed as an independent non-executive Director on 25 June 2010. Mr. Lau is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is currently the chief financial officer of China Grand Pharmaceutical and Healthcare Holding Limited (Stock Code: 512). Prior to his present position, Mr. Lau has worked for an international accounting firm and in several companies in Hong Kong as financial controller and chief financial officer. Mr. Lau has more than 20 years of experience in auditing, secretarial, accounting and corporate finance. Mr. Lau holds a bachelor degree in social science from the University of Hong Kong in 1987.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Louie Chun Kit, aged 45, was appointed as an independent non-executive Director on 25 June 2010. Mr. Louie is currently a practising accountant. He is also a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Louie is currently the chief accountant of Yield Limited, a Hong Kong private company engaged in property development in the PRC. Prior to his present position in November 2006, he spent over 10 years as the chief accountant in a licensed corporation under the SFO engaging in asset management and corporate finance, and around five years in the audit practice with an international accounting firm in Hong Kong. Mr. Louie holds a diploma in accounting from Lingnan College in 1988 and a master degree in business systems from Monash University of Australia in 2005.

Save as disclosed above and in the section headed “Interests of Directors in the share capital of the Company and its associated companies”, each of the Directors confirms with respect to him that: (i) he has not held any directorships in the last 3 years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company; (iii) he does not hold any positions in the Company or other members of the Group; (iv) he does not have any interests in the Shares within the meaning of Part XV of SFO; (v) there is no other information that should be disclosed for him pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v); and (vi) there are no other matters that need to be brought to the attention of holders of securities of the Company.

SENIOR MANAGEMENT

Hong Kong

Mr. Tsui Wing Tak, aged 41, is the chief financial officer of the Company. He is responsible for the financial reporting, financial planning and risk management of the Group. Mr. Tsui is also the company secretary of the Company. For details of his background, please refer to the “Company Secretary” section below.

Ms. Lo Hang I, aged 42 is the financial controller of Manta Hong Kong. Ms. Lo joined Manta Hong Kong in May 2004 and is currently responsible for accounting and financial reporting matters of Manta Hong Kong and its subsidiaries. Ms. Lo is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining Manta Hong Kong, Ms. Lo spent almost 10 years as an accountant in a United State listed company which primarily engaged in automation building system. Before that, she was a senior accounting officer in an engineering firm in Hong Kong from March 2003 to May 2004. Ms. Lo graduated from the Open University of Hong Kong with a bachelor degree in business administration in 1997.

Mr. Lin Chi Fai, aged 46 is the senior manager of services and logistics of Manta Hong Kong. Mr. Lin joined Manta Hong Kong as a shipping clerk in June 1989 and was promoted to senior manager position in October 2007. Mr. Lin is currently responsible for tower crane maintenance and services, logistics and warehousing matters of Manta Hong Kong’s operation in Hong Kong and Macau.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Ku Koon Wah (“Mr. KW Ku”), aged 57 is the district manager of machine sales and rental of Manta Hong Kong. Mr. KW Ku joined Manta Hong Kong in 1977 as a parts controller and was promoted to manager position in 1985. Mr. KW Ku is currently responsible for the Group’s tower crane trading and rental operations in Hong Kong and Macau with a main focus on sales and marketing. Mr. KW Ku graduated from the Hong Kong Polytechnic with a higher certificate in business studies in 1981.

Mr. Wong Ying Sin, aged 55 is the manager of spare parts department of Manta Hong Kong. Mr. Wong joined Manta Hong Kong in July 1977 as an assistant clerk and was promoted to manager position in parts department in 2001. Mr. Wong is currently responsible for the Group’s sales and procurement of spare parts in Hong Kong and Macau.

Singapore

Ms. Florence Ngiam Lee Jong, aged 39, is the finance manager of the Manta Singapore. Ms. Ngiam joined Manta Singapore since December 2002 and is responsible for matters relating to human resources, financial planning, budgeting and reporting of Manta Singapore as well as overseeing daily finance and office administration for our operations in Singapore. Prior to joining Manta Singapore, she was an accountant for a software provider company in Singapore from 2000 to 2002. Ms Ngiam is a member of Institute of Certified Public Accountants of Singapore and a member of Australian Society of Certified Practising Accountants. Ms. Ngiam graduated from Victoria University of Technology in Australia with a master degree in business majoring in professional accounting in 1998.

Mr. Teo Yang Khoon, aged 54, joined Manta Singapore since August 2004 as marketing manager. Mr. Teo is responsible for sales and marketing of products for our Singapore operations. Since 2001, Mr. Teo worked as a free lance broker for tower crane until he joined Manta Singapore in 2004. Mr. Teo graduated from Singapore Vocational Institute and obtained the trade certificate in Motor Vehicle Mechanic in 1972. In 1973, Mr. Teo completed the examination at the Ministry of Education on the City and Guilds of London and obtained the Motor Vehicle Mechanic Certificate. In 1985, Mr. Teo took a private course in sales and marketing and obtained a certificate in sales and marketing from the Institute of Professional Managers in United Kingdom in 1985.

Mr. Lee Seng Leong, aged 48, joined Manta Singapore since October 1999 as a technician and was promoted to sales and service manager position in 2006. Mr. Lee currently leads the crane servicing team in Manta Singapore and is responsible for overseeing our tower crane installation, maintenance and dismantling services operation in Singapore. Prior to joining Manta Singapore, Mr. Lee has worked in a Singapore private company engaging in crane servicing business as a service technician and has worked as a technician in the army force in Singapore. Mr. Lee studied in the Vocational and Industrial Training Board and obtained the National Trade Certificate III in 1980.

COMPANY SECRETARY

Mr. Tsui Wing Tak, aged 41, is the chief financial officer and the company secretary of the Company. Mr. Tsui joined the Group in February 2010. Mr. Tsui is ordinarily resident in Hong Kong and is employed by the Company on full-time basis pursuant to Rule 8.17 of the Listing Rules. Mr. Tsui is responsible for the overall secretarial matters of the Company. Mr. Tsui has more than 15 years

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

of experience in financing, accounting and auditing. Prior to joining the Group, Mr. Tsui was the company secretary of Garron International Limited (Stock Code: 1226). Mr. Tsui obtained a bachelor's degree in economics from Macquarie University, Australia in 1992. Mr. Tsui is a member of Certified Public Accountants Australia and a member of Hong Kong Institute of Certified Public Accountants.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 86 full-time employees, of which 27 are located in Hong Kong, 47 are located in Singapore and 12 are located in Vietnam. We also have 1 part-time employee in Hong Kong and 3 part-time employees in Vietnam. The following table shows a breakdown of employees of the Company by functions as at the Latest Practicable Date:

	Number of Employees			Total
	Hong Kong	Singapore	Vietnam	
Management	4	2	1	7
Finance and accounting	3	2	1	6
Administration	3	4	1	8
Sales and marketing	2	4	2	8
Crane servicing and mechanicals	10	29	4	43
Parts	1	1	—	2
Logistics	4	5	3	12
Part-time employees	1	—	3	4
Total	28	47	15	90

THE COMPANY'S RELATIONSHIP WITH EMPLOYEES

The Company recognises the importance of maintaining good relationships with its employees. The remuneration package for employees includes salaries and allowances. The Company has been providing training for its staff, which includes training with domestic technical institutes and training with equipment manufacturers such as Manitowoc, to enhance technical and product knowledge as well as knowledge of industry quality standards and work place safety standards.

The Company has not experienced any significant problems with its employees or disruption to its operations due to labour disputes, nor has it experienced any difficulties in recruitment and retention of experienced staff. The Directors believe that the Company has a good working relationship with its employees.

AUDIT COMMITTEE

We have established an audit committee on 25 June 2010 with its written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; review and supervise the financial reporting process and internal control procedure of our Company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our audit committee consists of three members, being Mr. Louie Chun Kit, Mr. Cheung Chi Wai Vidy and Mr. Lau Wing Yuen. Mr. Louie Chun Kit currently serves as the chairman of our audit committee.

REMUNERATION COMMITTEE

We have established a remuneration committee on 25 June 2010 with its written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance based remuneration; and ensure none of our Directors determine their own remuneration.

Our remuneration committee consists of four members, being Mr. Chung Tze Hien, Mr. Cheung Chi Wai Vidy, Mr. Lau Wing Yuen and Mr. Louie Chun Kit. Mr. Chung Tze Hien currently serves as the chairman of our remuneration committee.

NOMINATION COMMITTEE

We have established a nomination committee on 25 June 2010 with its written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary functions of the nomination committee are to make recommendations to the Board regarding the candidates for directorship, either to fill vacancies on or appoint additional directors to the Board.

Our nomination committee consists of four member, comprising Mr. Quek Chang Yeow, Mr. Cheung Chi Wai Vidy, Mr. Lau Wing Yuen and Mr. Louie Chun Kit. Mr. Quek Chang Yeow currently serves as the chairman of our nomination committee.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

We reimburse the Directors for expenses which are necessarily and reasonably incurred for providing services to the Company or executing their functions in relation to the operations of the Company. The executive Directors are also employees of the Company and receive, in their capacity as employees of the Company, certain compensation.

Prior to the Listing, the remuneration policy of the Group to reward its employees and directors is based on their performance, qualifications, competence displayed and market comparables. Remuneration package typically comprises salary, housing allowances, contribution to pension schemes and/or central provident funds and bonuses relating to the profit of the relevant company.

Upon and after the Listing, the remuneration package of the executive Directors and the senior management will be linked more closely to the performance of the Group and the return to its Shareholders. The remuneration committee will review annually the remuneration of all the Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The employee costs of the Group (including Directors' and senior management's remuneration) in the years ended 31 December 2007, 2008 and 2009 were approximately HK\$16.4 million, HK\$17.9 million and HK\$17.0 million respectively.

The aggregate amount of salaries and other allowances and benefits in kind paid by us to our five highest paid individuals for the years ended 31 December 2007, 2008 and 2009, excluding Directors, was approximately HK\$1.9 million, HK\$2.5 million and HK\$1.0 million respectively. Approximately HK\$0.2 million, HK\$0.1 million and HK\$0.1 million were paid by the Group as contribution to the pension schemes and/or central provident funds in respect of such individuals for the years ended 31 December 2007, 2008 and 2009 respectively.

The aggregate amount of salaries, commission, bonuses and contributions to pension schemes and/or central provident funds we paid to the relevant Directors in respect of each of the years ended 31 December 2007, 2008 and 2009 were approximately HK\$2.0 million, HK\$1.8 million and HK\$1.8 million respectively. Further information on the remuneration of each Director during the Track Record Period is set out in note 13 of the Accountants' Report of the Company as set out in Appendix I to this prospectus.

Except as disclosed above, no other payments have been made or are payable, in respect of the years ended 31 December 2007, 2008 and 2009, by the Company or any of the subsidiaries to or on behalf of any of the Directors.

The aggregate amount of remuneration (excluding commission and discretionary bonus) and benefits in kind payable to the Directors for the year ending 31 December 2010 is estimated to be approximately HK\$2.0 million.

Compensation of Mr. Chung

Prior to the Listing, the Company and its subsidiaries were unlisted subsidiary of Mulpha. Mr. Chung, acting in his capacity as the chief executive officer of Mulpha, was appointed as director to the Board in March 2010 and the subsidiaries in March 2001. Hence, Mr. Chung did not receive any remuneration from the Company.

Instead of paying remuneration to Mr. Chung, the Company paid a management fee of HK\$10,000 per month to Mulpha during the Track Record Period. On 1 April 2010, the management fee arrangement with Mulpha has been terminated. Upon Listing, the Company will pay remuneration and/or directors' fee directly to Mr. Chung. Please refer to the section entitled "Connected transaction-Management fee paid to Mulpha" for details.

Under the proposed service contract to be adopted upon Listing, Mr. Chung will be paid a monthly fee of HK\$10,000, the same amount as the monthly management fee expenses previously paid to Mulpha. The Company believes it is reasonable. Mr. Chung, while having executive power in the Group's affair such as signing of cheques, resides in Malaysia and does not participate in the daily management of the Group's businesses, which are located in Singapore and Hong Kong.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Welfare contributions

We confirm that we comply in all material respects with all statutory pension plan obligations applicable to us under the laws of the respective countries we operate in. In accordance with applicable laws and regulations on pension plans in the jurisdictions we operate in, we contribute to various social insurance plans which are defined contribution plans such as pension contribution plans, medical insurance plans, work related injury insurance plans and unemployment insurance plans for our employees. We also comply with all statutory insurance obligations applicable to us under the laws of the respective jurisdictions. We funded the welfare contributions from our internal financial resources.

Our legal advisers in each of the jurisdictions we operate in have confirmed that we comply with all the statutory social insurance obligation applicable to us under the laws and regulations of the respective jurisdiction during the Track Record Period.

COMPLIANCE ADVISER

We shall appoint Altus Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;
- (3) where the Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. At present, Mr. Lai Sin Shing, an executive Director, is ordinarily resident in Hong Kong but our remaining two executive Directors are not ordinarily resident in Hong Kong or based in Hong Kong. We have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12.

We have received from the Stock Exchange a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (i) the authorised representatives (appointed by the Company pursuant to Rule 3.05 of the Listing Rules) will act as the Company's principal channel of communication with the Stock Exchange and will be readily contactable by telephone, fax or email;
- (ii) both authorised representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters;
- (iii) all Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;
- (iv) the Company has appointed a compliance adviser under Rule 3A.19 who will act as an additional channel of communication with the Stock Exchange; and
- (v) all Directors will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange.

SHARE CAPITAL

The following tables set forth information with respect to the share capital of the Company after completion of the Loan Capitalisation, the Capitalisation Issue and the Share Offer. All the Shareholders have the same voting right per Share.

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Shares of HK\$0.01 each	<u>2,000,000,000</u>

Shares issued and to be issued, fully paid or credited as fully paid:

Number of Shares	Description of Shares	Aggregate nominal value of Shares <i>HK\$</i>	Approximate percentage of issued share capital
131,550,000	Shares in issue as at the date of this prospectus	1,315,500	65.78%
18,450,000	Shares to be issued pursuant to the Capitalisation Issue	184,500	9.22%
45,000,000	Shares to be issued under the Placing	450,000	22.50%
<u>5,000,000</u>	Shares to be issued under the Public Offer	<u>50,000</u>	<u>2.50%</u>
<u>200,000,000</u>	Total	<u>2,000,000</u>	<u>100.00%</u>

According to Rule 8.08 of the Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Company’s issued share capital in the hands of the public.

Assumptions

The table is based on the assumptions that the Capitalisation Issue and the Share Offer become unconditional and are completed and the Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Shares which may be allotted and issued or repurchased pursuant to the Issuing Mandate and the Repurchase Mandate are not taken into account. If the Offer Size Adjustment Option is exercised in full, then 7,500,000 additional Shares will be issued resulting in a total enlarged issued share capital of 207,500,000 Shares.

Ranking

The Offer Shares will rank *pari passu* in all respects with all Shares in issue or to be issued as set forth in the above table, and will qualify for all dividends or other distributions declared, paid or made on the Shares after the date of this prospectus.

SHARE CAPITAL

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 25 June 2010. Under the Share Option Scheme, the eligible participants of the scheme, including Directors, full-time employees of and advisers and consultants to our Company or our Subsidiaries may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date (but before any exercise of the Offer Size Adjustment Option). Further details of the rules of the Share Option Scheme are set out in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure of the Share Offer” in this prospectus, our Directors have been granted a general mandate to allot, issue and deal with the Shares with an aggregate nominal value not exceeding the sum of:

- (i) 20% of the total nominal amount of the share capital of our Company in issue, excluding the Shares which may be issued pursuant to the Offer Size Adjustment Option, immediately following completion of the Loan Capitalisation, Capitalisation Issue and the Share Offer; and
- (ii) the total amount of the share capital of our Company repurchased by us (if any) pursuant to the authority referred to in the paragraph headed “General Mandate to Repurchase Shares” below.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements.

This general mandate will expire:

- (i) at the conclusion of our next annual general meeting; or
- (ii) upon the expiry of the period within which we are required by any applicable laws of the Cayman Islands or our Articles to hold the next annual general meeting; or
- (iii) when it is varied or revoked by an ordinary resolution of the Shareholders in general meeting;

whichever occurs first.

For further details of this general mandate, please see the section headed “Statutory and general information — Written resolutions of the sole Shareholder” in Appendix V to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions as stated in the section headed “Structure of the Share Offer” in this prospectus, the Directors have been granted a general mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of the share capital of the Company immediately following the completion of the Loan Capitalisation, the Capitalisation Issue and the Share Offer (excluding Shares which may fall to be issued pursuant to the exercise of the Offer Size Adjustment Option).

This mandate relates only to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Repurchase by the Company of its own securities” in Appendix V to this prospectus.

This general mandate will expire:

- (i) at the conclusions of the Company’s next annual general meeting; or
- (ii) upon the expiry of the period within which the Company is required by any applicable laws of the Cayman Islands or its Articles to hold its next annual general meeting; or
- (iii) when it is varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting;

whichever occurs first.

For further information about this general mandate, see the section headed “Statutory and general information — Written resolutions of the sole Shareholder” in Appendix V to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Loan Capitalisation, the Capitalisation Issue and the Share Offer (without taking into account any Shares which may fall to be issued pursuant to the exercise of the Offer Size Adjustment Option), each of the following persons (not being a Director or chief executive of the Company), will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Nature of interests	Total number of Shares (Note 1)	Percentage of shareholding
Jumbo Hill	Beneficial interest	150,000,000 (L)	75%
Mulpha Strategic (note 2)	Interest in a controlled corporation	150,000,000 (L)	75%
Mulpha Trading (note 3)	Interest in a controlled corporation	150,000,000 (L)	75%
Mulpha (note 4)	Interest in a controlled corporation	150,000,000 (L)	75%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the Shares.
- (2) Mulpha Strategic is the holding company of Jumbo Hill holding 100% interest in it.
- (3) Mulpha Trading is the holding company of Mulpha Strategic holding 100% interest in it.
- (4) Mulpha is the holding company of Mulpha Trading and is listed on the Main Market of Bursa Malaysia Securities Berhad. Madam Yong Pit Chin and her son, Mr. Lee Seng Huang (who is the chairman of Mulpha), control approximately 34.80% of the issued share capital of Mulpha.

Save as disclosed herein, the Directors are not aware of any person who will, immediately following completion of the Loan Capitalisation, the Capitalisation Issue and the Share Offer have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

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The following discussion and analysis should be read in conjunction with the audited financial information of the Group for the years ended 31 December 2007, 2008 and 2009, in each case with the related notes thereto, included elsewhere in the Accountants' Report of the Company as set out in Appendix I to this prospectus. The financial information of the Group have been prepared in accordance with HKFRSs, which may differ in certain significant respects from generally accepted accounting principles in certain other countries. For further information, see "Appendix I — Accountants' Report of the Company" included in this prospectus. Potential investors are encouraged to read the whole of the Accountants' Report of the Company set out in Appendix I of this prospectus and do not rely merely on the information provided in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly in the section headed "Risk factors".

Any discrepancies in any table or elsewhere in this prospectus between totals and sums of amounts listed herein are due to rounding.

OVERVIEW

We are engaged in the tower cranes and mast-climbing work platforms businesses, serving primarily the construction and infrastructure sectors in Hong Kong, Macau, Singapore, and Vietnam. Our principal businesses include the trading of tower cranes, trading of mast-climbing work platforms, rental of tower cranes and provision of maintenance services. The total revenue derived from these businesses amounted to HK\$212.9 million, HK\$262.5 million and HK\$183.5 million for the years ended 31 December 2007, 2008 and 2009 respectively.

We also have 15% shareholding in Shenzhen Nectar Engineering & Equipment Co. Ltd (深圳能科達機械工程有限公司, "Shenzhen Nectar"), which is a Sino-foreign equity joint venture engaging in the businesses of trading and leasing of construction equipment, and provision of maintenance services. As we are not involved in the daily management of Shenzhen Nectar and we only receive dividends from Shenzhen Nectar, we recognise our investment in Shenzhen Nectar as available-for-sale investment in our financial statements.

During the Track Record Period, Mulpha and Pan Ocean held equity interests as to 88% and 12% respectively in Manta Engineering, Manta Rental, Manta Services and Manta Singapore. Since Mulpha acquired shareholding of the Group in 1994, Mulpha and Pan Ocean had a mutual verbal arrangement to act together as one single group of shareholders controlling all companies comprising the Group.

BASIS OF PREPARATION

The financial information have been prepared in accordance with HKFRSs and have also included the applicable disclosure requirements of the Listing Rules. The accounting policies have been consistently applied to all the years presented unless otherwise stated. The financial information have been prepared under the historical cost basis except for land and building carried at fair value and derivative financial instruments.

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The HKICPA has issued a number of new and revised HKFRSs which were relevant to the Group and became effective during the Track Record Period. In preparing the financial information, the Group has adopted all these new and revised HKFRSs consistently throughout the Track Record Period.

It should be noted that accounting estimates and assumptions have been made in preparing the financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The critical accounting policies set out below have been applied consistently to all periods presented in the financial information.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our financial information. These significant accounting policies are important for an understanding of our financial condition and results of operations and are set forth in note 3 "Summary of Significant Accounting Policies" of the Accountants' Report of the Company in Appendix I to this prospectus. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set forth in note 4 "Critical Accounting Estimates and Assumptions" of the Accountants' Report of the Company in Appendix I to this prospectus.

In applying these accounting policies, our Group's management makes subjective judgements that frequently require estimates about matters that are inherently uncertain. Accordingly, actual results might differ from those estimates. Basically the estimates and assumptions involve judgements based on the latest available information, reliable information and experience. The estimates and assumptions adopted by our Group are reliable and there have been no change in the estimates and assumptions over the Track Record Period. There is no evidence that the estimates and assumptions will be changed in the foreseeable future.

The following paragraphs discuss the critical accounting policies applied in preparing our Group's financial information:

Merger accounting

During the Track Record Period, Mulpha and Pan Ocean held equity interests as to 88% and 12% respectively in Manta Engineering, Manta Rental, Manta Services and Manta Singapore and there were no changes in their respective equity interests in these subsidiaries. Mulpha and Pan Ocean had an arrangement to act together as one single group of shareholders ("Single Party") controlling all companies comprising the Group throughout the Track Record Period. The Group's legal adviser is in the view that such arrangement is lawfully binding. All companies comprising the Group were ultimately controlled by the Single Party both before and immediately after the group reorganisation as described in note 1.2 to the Accountants' Report of the Company set out in Appendix I to this prospectus ("Group Reorganisation"), and that control was not transitory. In respect of this

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arrangement, Pan Ocean (1) acted as a passive investor; (2) did not participate in the financial and operating policies of the Group; and (3) all financial and operating decisions were made by Mulpha. A written joint confirmation and a statutory declaration of the aforesaid arrangement have been signed by Mulpha and Pan Ocean on 30 March 2010 and 22 June 2010 respectively.

For the purpose of preparation of the financial information of the Group for the Track Record Period, the Group is regarded as a continuing entity resulting from the Group Reorganisation since all of the entities which took part in the Group Reorganisation were controlled by the same Single Party under a verbal arrangement before and immediately after the Group Reorganisation. Consequently, there was a continuation of the risks and benefits to the Single Party. The Group Reorganisation has been accounted for as a reorganisation under common control in a manner similar to pooling of interests. Accordingly, the financial information of the Group included in the Accountants' Report of the Company have been prepared using the merger basis of accounting as if the Group Reorganisation had occurred as of the beginning of the earliest period presented and the Group had always been in existence. The assets and liabilities of the companies now comprising the Group are combined using the existing book values from the Single Party's perspective. The interests of equity holders other than the Single Party in the combining companies have been presented as minority interests in the Group's financial information.

The assets and liabilities of the combining entities or businesses are combined using the existing book values from the controlling parties' prospective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The profit or loss includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and the use by others of our assets yielding interest, dividends and rentals, net of rebates and discounts. Provided it is probable that the economic benefits will flow to us and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) Revenue from sale of goods are recognised upon the transfer of the significant risks and rewards of ownership to the customers, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Normally, risk is transferred upon despatch of goods and customer has accepted the goods.

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- (ii) Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset.
- (iii) Service income is recognised when the services are rendered.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Dividend is recognised when the right to receive payment is established.

Property, plant and equipment

Land and building carried at fair value is property where the fair value of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease which is stated at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of leasehold land at the inception of the lease, and other items of plant and equipment, are stated at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on revaluation of land and buildings is recognised in other comprehensive income and is accumulated in the property revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of land and buildings arising on revaluations is recognised in other comprehensive income to the extent of the revaluation surplus in the property revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Land and building carried at fair value	Over the lease terms
Building carried at cost	50 years
Plant and machinery	5 to 10 years
Furniture and fixture	5 to 6 years
Office and other equipment	2 to 6 years
Motor vehicles	3 to 5 years

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In respect of tower cranes in our rental fleet included in “Plant and machinery”, depreciation is calculated on a straight-line basis over a period of 10 years.

The assets’ residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of land and building.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Inventories and consumables

Our inventories are carried at the lower of cost and net realisable value. Our inventories include mainly new and used tower cranes and replacement and spare parts. Cost is determined using first-in first-out basis and which comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. All other cost, such as repair and maintenance are charged to profit or loss during the period in which they are incurred. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

Consumables for own consumption or provision of services are stated at cost. Cost is determined using the weighted average method.

Impairment of non-financial assets

Property, plant and equipment are subject to impairment testing and are tested for impairment whenever there are indications that the assets’ carrying amount may not be recoverable.

Impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

We would reverse an impairment loss if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

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Financial assets

Financial assets are classified into loans and receivables and available-for-sales financial assets.

Our management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, we becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, we reviewed the financial assets to assess whether there is objective evidence of impairment. If any of such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) *Available-for-sale financial assets*

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in the profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

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For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to our attention about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs.

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If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) *Available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

(iii) *Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When we are satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if we determine that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

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(i) *Classification of assets leased to the Group*

Assets that are held by us under leases which transfer to us substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to our Group are classified as operating leases.

(ii) *Assets acquired under finance leases*

Where we acquire the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Operating lease charges as the lessee*

Where our Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(iv) *Assets leased out under operating leases as the lessor*

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our operating results are most significantly affected by the following factors:

The demand of tower cranes

During the years ended 31 December 2007, 2008 and 2009, we derived 59.5%, 61.5% and 28.0% of our revenue from the trading of tower cranes business. We believe that the demand of tower cranes is cyclical and closely correlated to the trend in construction and infrastructure sectors. Our revenue from trading and rental operations is derived principally from our operations in Hong Kong and Singapore, which accounted for 23.7% and 72.6% of our revenue (excluding intra-group revenue) for the year ended 31 December 2009; and predominantly from customers from the construction and infrastructure sectors.

The construction and infrastructure sectors are cyclical in nature. As the number of construction and infrastructure projects decreases, the demand for tower cranes (both for rental and for trading) will reduce accordingly. In addition, there will also be lesser demand for our maintenance services. In the event of a downturn of general economic conditions and in particular the construction and infrastructure sectors, the demand from our customers may reduce and the profitability and financial performance for both our trading and rental operations may be adversely impacted.

Our ability to source our tower crane supply

We have worked closely with Manitowoc, which is the owner and the manufacturer of “Potain” brand tower cranes. We have been the distributor of “Potain” brand tower crane in Hong Kong and Macau since 1976, and Singapore since 1997 respectively. Due to the distributorship arrangement, while we may trade used tower cranes of other brands, we do not normally trade new cranes of other brands. Our rental fleet also consists of only “Potain” brand tower cranes. Consequently, “Potain” brand tower cranes supplied by Manitowoc form an integral part for both our rental and trading businesses in Hong Kong and Singapore. We may be dependent on the quality, supply and timely delivery of “Potain” brand tower cranes from Manitowoc as described in the section “Risk factors” of this prospectus. At present, “Potain” brand tower cranes are manufactured in Europe and in Zhangjiagang, the PRC, and have a lead time between order placing and delivery. During the years ended 31 December 2007, 2008 and 2009, the total purchases of “Potain” brand tower cranes from Manitowoc were HK\$127.5 million, HK\$189.4 million and HK\$44.8 million respectively representing 73.4%, 79.3% and 43.3% of our total purchases. In Hong Kong, we also sell Alimak Hek’s work platform. During the years ended 31 December 2007, 2008 and 2009, the total purchases from Alimak Hek were HK\$10.2 million, HK\$0.1 million and HK\$0.1 million respectively.

We have not entered into long-term supply agreement with Manitowoc and Alimak Hek. Purchases are made based on our business needs from time to time depending on trading orders and rental requirements. Given the delivery lead time, we may also place orders based on forecasted demands. There is no assurance that we will have access to sufficient supply of tower cranes, work platforms and other related parts from these major suppliers at competitive prices. Any delay in delivery may also adversely affect our trading and rental operations in meeting customers’ demand.

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In the event of the above, we may have to source for alternative suppliers of other brands and may be charged a higher price, which in turn may affect our reputation, operations and financial performance. Over the past few years, we have increased our trading operation on used cranes. In 2009, as demand for new cranes slowed due to the global economic downturn, we derived our trading revenue mainly through trading of used tower cranes.

Our ability to maintain our reputation in the industry

We have established ourselves as a reputable tower crane trading and rental company in the major markets which we operate in, including Hong Kong and Singapore. Over the years, we believe that we have built goodwill among our customers. If there is any major disruption to our operations due to events such as industrial accidents, major or frequent breakdowns of our rental tower cranes, recall of “Potain” brand tower cranes due to quality problems, inability of our servicing teams or our third party service suppliers to provide timely service to our customers, or due to circumstances beyond our control, we may face adverse publicity and hence our reputation and goodwill with customers may be adversely affected. Consequently, we may risk losing customers’ confidences for our rental and trading business, and our profitability and financial performance may be adversely affected.

RESULTS OF OPERATIONS OF OUR GROUP

The following table set forth our combined statements of comprehensive income as extracted from the Accountants’ Report of the Company in Appendix 1 to this prospectus and other selected financial information for the years ended 31 December 2007, 2008 and 2009.

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Combined Statements of Comprehensive Income

	Year ended 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	212,874	262,537	183,509
Cost of sales and services	<u>(152,148)</u>	<u>(186,117)</u>	<u>(92,720)</u>
Gross profit	60,726	76,420	90,789
Other income	3,456	4,407	2,288
Selling and distribution expenses	(5,079)	(3,991)	(2,085)
Administrative expenses	(21,094)	(25,353)	(26,200)
Other operating expenses	(20,985)	(21,443)	(21,360)
Finance costs	<u>(7,180)</u>	<u>(8,652)</u>	<u>(6,527)</u>
Profit before income tax	9,844	21,388	36,905
Income tax credit/(expense)	<u>4,019</u>	<u>(1,127)</u>	<u>(8,414)</u>
Profit for the year	<u>13,863</u>	<u>20,261</u>	<u>28,491</u>
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations	(60)	(428)	4,454
Surplus on revaluation of property held for own use	<u>—</u>	<u>—</u>	<u>1,618</u>
Other comprehensive income for the year	<u>(60)</u>	<u>(428)</u>	<u>6,072</u>
Total comprehensive income for the year	<u>13,803</u>	<u>19,833</u>	<u>34,563</u>
Profit/(loss) for the year attributable to:			
Owners of the Company	13,895	20,342	28,517
Minority interests	<u>(32)</u>	<u>(81)</u>	<u>(26)</u>
	<u>13,863</u>	<u>20,261</u>	<u>28,491</u>
Total comprehensive income attributable to:			
Owners of the Company	13,835	19,914	34,589
Minority interests	<u>(32)</u>	<u>(81)</u>	<u>(26)</u>
	<u>13,803</u>	<u>19,833</u>	<u>34,563</u>
Earnings per share for profit attributable to the owners of the Company during the year			
- Basic (HK cents)	<u>9.3</u>	<u>13.6</u>	<u>19.0</u>

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Revenue

We derived our revenue mainly from (i) trading of new and used tower cranes as well as new mast-climbing work platforms, (ii) rental of tower cranes; and (iii) provision of crane maintenance services. The maintenance services are often provided incidental to and as part of the rental arrangement. During the Track Record Period, our total revenue were approximately HK\$212.9 million, HK\$262.5 million and HK\$183.5 million for the years ended 31 December 2007, 2008 and 2009 respectively. The breakdown of revenue for the years ended 31 December 2007, 2008 and 2009 is presented as follows:

	Year ended 31 December					
	2007		2008		2009	
	HK\$ (million)	%	HK\$ (million)	%	HK\$ (million)	%
Trading of new tower cranes	114.6	53.8	145.2	55.3	25.6	14.0
Trading of used tower cranes	12.1	5.7	16.2	6.2	25.6	14.0
Trading of mast-climbing work platforms	11.4	5.4	—	—	—	—
Rental, servicing and others (<i>note</i>)	<u>74.8</u>	<u>35.1</u>	<u>101.1</u>	<u>38.5</u>	<u>132.3</u>	<u>72.0</u>
Total	<u>212.9</u>	<u>100.0</u>	<u>262.5</u>	<u>100.0</u>	<u>183.5</u>	<u>100.0</u>

Note: Breakdown of revenue by rental and maintenance services cannot be conducted as charges for maintenance services are included in rental charges in a typical rental agreement.

Trading of tower cranes accounted for 59.5%, 61.5%, and 28.0% of our Group's revenue for the years ended 31 December 2007, 2008 and 2009 respectively, while our remaining revenue were derived from our rental, servicing and others operations, which experienced growth throughout the Track Record Period.

Revenue for our trading business is recognised upon transfer of the significant risks and rewards of ownership to the customers, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Normally, risk is transferred upon despatch of goods and customer has accepted the goods.

Specifically in respect of trading of tower cranes, depending on the terms of the sale contracts, transfer of risk may take place when (i) upon delivery and receipt of the tower crane components by the customer, if installation service is not included in the contract, or (ii) upon installation of the tower crane at the customers' designated worksite.

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Sale of goods to our customers will not be regarded as completed for the purpose of revenue recognition during the period where we have placed orders with the manufacturer but yet to deliver the tower crane to our customers.

In respect of the recognition of revenue for our rental and servicing businesses, please refer to the section headed “Financial information — Critical accounting policies — Revenue recognition”.

Year ended 31 December 2008 compared to year ended 31 December 2007

The revenue generated from trading of tower cranes increased by 27.4% year-on-year to HK\$161.4 million mainly due to the increase in demand for new tower cranes, driven by growth of construction markets. The revenue for our rental, servicing and others increased 35.1% year-on-year in 2008 to HK\$101.1 million due to the increase in general demand for tower cranes in the construction and infrastructure sectors during the year where contractors increased their tower crane rental to fulfill increasing construction project needs. Incidental to increased rental activities, demand for maintenance services also increased during the year.

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

The revenue from trading of tower cranes decreased from HK\$161.4 million in 2008 to HK\$51.2 million in 2009, while the revenue from equipment rental, servicing and others increased from HK\$101.1 million to HK\$132.3 million during the same period. The revenue generated from our rental and servicing operations was higher despite the market downturn due to the increase in demand for rental tower cranes and corresponding tower crane servicing as contractors reduced their capital investments amid uncertain market conditions by switching from purchasing to rental of tower cranes. There was also a decrease in demand for trading in tower cranes, particularly for new units as the credit crisis at the end of 2008 and early 2009 significantly reduced the availability of funding and financing for potential tower crane buyers. The decline in demand for new cranes was partly offset by higher demand for used cranes as buyers switched to this cheaper alternative.

Four months ended 30 April 2010 compared to four months ended 30 April 2009

During the four months ended 30 April 2010, the unaudited revenue of the Group amounted to approximately HK\$41.4 million, representing a decrease of approximately 34.2% as compared to the unaudited revenue of approximately HK\$62.9 million for the same period in 2009. The decrease in revenue for the four months ended 30 April 2010 was mainly attributable to a lower level of trading activities during the period. During this period, our revenue from trading business amounted to approximately HK\$7.8 million as we have sold only one new tower crane and one used tower crane. Comparatively, during the four months ended 30 April 2009, our revenue from trading business amounted to HK\$16.4 million, comprising the sale of five new tower cranes with average price of approximately HK\$3.3 million. During the entire year ended 31 December 2009, we sold nine new cranes and 19 used cranes at average price per crane of HK\$2.8 million and HK\$1.3 million respectively. Trading activities had declined during the four months ended 30 April 2010 as our customers did not place purchase orders pending the bidding results of several projects.

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Meanwhile, our rental business recorded revenue of approximately HK\$28.3 million for the four months ended 30 April 2010, representing a decrease of approximately 3.4% as compared to the unaudited revenue of approximately HK\$29.3 million for the same period in 2009. As at 30 April 2010, 85 tower cranes in our rental fleet of 130 tower cranes had been leased out, representing a lease-out rate of 65%. Comparatively, as at 30 April 2009, 93 tower cranes in our rental fleet of 132 tower cranes were leased out, representing a leased out rate of 70%. Revenue from rental operations had decreased due to a slight decrease in rental rates during the four months ended 30 April 2010.

The Directors have confirmed that since 31 December 2009, there have been no notification and indication of non-payment of our trade receivables or the need to make provisions for our inventories and trade receivables. There have also been no cancellations of any rental contracts or trading orders.

Turnovers of our tower crane trading, as well as rental and servicing businesses are normally difficult to predict, particularly for the remaining second half of 2010, due to fluctuations in the construction and infrastructure sectors and changes in customer preference. Meanwhile, revenue may not be evenly recognised throughout the year 2010 as is the case during the Track Record Period. It should be noted that expenses in relation to the Share Offer of approximately HK\$11.9 million will be recognised in 2010. Whilst the above quarterly revenue figures may not be indicative of the full year result for 2010, our financial performance for the remaining periods of 2010 may further deteriorate, as set out in the section “Risk factors” above.

Cost of Sales and Services

The table below sets out the cost of sales and services incurred for our trading of tower cranes and rental, servicing and others operation:

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Cost of tower cranes	111,492	137,020	29,456
Cost of mast-climbing work platforms	10,653	—	—
Direct cost relating to rental, servicing and others	<u>30,003</u>	<u>49,097</u>	<u>63,264</u>
Total	<u>152,148</u>	<u>186,117</u>	<u>92,720</u>

The cost of tower cranes comprises primarily the cost of the new tower cranes or used tower cranes sourced from the suppliers. The direct cost relating to rental, servicing and others include primarily the costs of spare parts used in servicing, the direct costs incurred for the installation, servicing and dismantling of the tower cranes and in case of lease of cranes from independent third party owners, the rents payable to these third party owners.

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The cost of tower cranes increased by 22.9% year-on-year in 2008 which was in line with the growth in trading of tower cranes revenue of 27.4%. The cost of tower cranes decreased significantly from HK\$137.0 million in 2008 to HK\$29.5 million in 2009 mainly due to significant reduction in tower cranes trading activities, as well as the higher proportion of sales of used tower cranes which were of lower costs.

Meanwhile, the direct cost relating to rental, servicing and others increased by 20.8% and 28.9% year-on-year in 2008 and 2009 respectively. The increase during the Track Record Period was in line with the revenue growth in our equipment rental, servicing and others operation.

Gross profit and gross profit margin

During the Track Record Period, we recorded gross profits of approximately HK\$60.7 million, HK\$76.4 million and HK\$90.8 million for the years ended 31 December 2007, 2008 and 2009 respectively, with overall gross profit margin of approximately 28.5%, 29.1% and 49.5% for the respective financial years.

The gross profit margin fluctuated over the Track Record Period mainly due to (i) changes in the proportion of revenue from our tower cranes trading and rental, servicing and others operation in the respective financial years; and (ii) changes in the proportion of trading of new and used tower cranes. The gross profit margins for our rental, servicing and others operation were relatively stable over the Track Record Period. Meanwhile the overall gross profit margin for trading activities, especially for used tower crane fluctuated during the Track Record Period. The following tables show the gross profit margins of our trading of new tower crane, trading of used tower crane, and rental, servicing and others operation for the financial years indicated respectively.

Trading of new tower cranes

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Revenue	114,614	145,183	25,619
Cost of tower cranes	<u>(101,751)</u>	<u>(125,493)</u>	<u>(24,112)</u>
Gross profit	12,863	19,690	1,507
Gross profit margin	11.2%	13.6%	5.9%
Number of cranes sold	41	41	9
Average price per crane	2,795	3,541	2,847

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Trading of used tower cranes

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Revenue	12,106	16,199	25,563
Cost of tower cranes	<u>(9,741)</u>	<u>(11,527)</u>	<u>(5,344)</u>
Gross profit	2,365	4,672	20,219
Gross profit margin	19.5%	28.8%	79.1%
Number of cranes sold	7	17	19
Average price per crane	1,729	953	1,345

As shown above, revenue from trading of new tower cranes declined significantly by more than 77.6% from 2007 to 2009. The gross profit margin for the trading of new tower cranes also decreased substantially in 2009 as demand for new cranes declined as a result of market uncertainties and lack of financing. Buyers of new cranes were in a better bargaining position and demanded for larger discounts.

Meanwhile, the Directors believe that demand for used tower cranes increased in 2009 as buyers switched from new cranes to used cranes amidst the uncertain markets and credit crisis. The gross profit margin for used equipment trading is comparatively higher than new equipment as prices vary according to their conditions and our ability to negotiate, as there is a lack of market reference, unlike new cranes which prices are generally dictated by Manitowoc. The gross profit of used crane trading increased significantly in 2009 to 79.1% as we sold several used cranes with low carrying values from our rental fleet as part of our fleet renewal process.

Rental, Servicing and Others

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Revenue	74,802	101,155	132,327
Direct cost relating to rental, servicing and others	<u>(30,003)</u>	<u>(49,097)</u>	<u>(63,264)</u>
Gross profit	44,799	52,058	69,063
Gross profit margin	59.9%	51.5%	52.2%

When computing gross profit, depreciation charges of tower cranes have not been included as direct cost. Depreciation charges are included as other operating expenses. Consequently, our gross profit margin has been high ranging between 51.5% and 59.9% during the Track Record Period. Had the depreciation charges been included, the gross profit margins for the years ended 31 December 2007, 2008 and 2009 would be 32.6%, 31.3% and 36.6% respectively.

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The gross profit for our rental, servicing and others operation increased by 16.2% year-on-year to HK\$52.1 million for the year ended 31 December 2008 and increased 32.7% year-on-year to HK\$69.1 million for the year ended 31 December 2009. During the Track Record Period, the increase in gross profit was primarily attributable to higher turnover of our rental, servicing and others operations.

The gross profit margin for our rental, servicing and others operation were 59.9% in 2007, 51.5% in 2008 and 52.2% in 2009. The change was primarily attributable to marginal variance in rental rates.

Selling and distribution expenses

Selling and distribution expenses refer to expenses directly attributable to the trading or rental of tower cranes and mast-climbing work platforms, such as commissions paid to sales personnel and travelling and transportation costs. Commission paid to sales personnel is based on the profit margin generated from each sale or rental transaction.

Year ended 31 December 2008 compared to year ended 31 December 2007

Selling and distribution expenses decreased by 21.4% from HK\$5.1 million in 2007 to HK\$4.0 million in 2008 mainly due to decrease in travelling and motor vehicle running costs which decreased by HK\$1.4 million in 2008 compared with 2007.

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

Selling and distribution expenses decreased by 47.8% in 2009 to HK\$2.1 million due to lower commissions being paid to sales personnel following substantially lower revenue, especially from trading operations.

Administrative expenses

The following table shows the breakdown of the major administrative expenses of our Group for the financial years indicated respectively.

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Staff costs	12,646	13,886	14,510
Rents and rates	1,865	3,115	3,483
Insurance	1,631	2,055	2,424
Others	4,952	6,297	5,783
Total	21,094	25,353	26,200

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Year ended 31 December 2008 compared to year ended 31 December 2007

Administrative expenses increased from HK\$21.1 million in 2007 to HK\$25.4 million in 2008 mainly due to additional rental expense for storage facilities and increase in staff cost due to higher headcount. During 2008, Manta Singapore has rented a new storage facility at Shipyard Road, increasing rental expenses by HK\$1.3 million and insurance expense by HK\$0.4 million. Manta Singapore also increased its staff headcount for its servicing team during the year, resulting in an increase in staff costs of approximately HK\$1.2 million.

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

Administrative expenses remained stable in 2009, increasing marginally from HK\$25.4 million in 2008 to HK\$26.2 million in 2009. Rental and insurance expense increases were offset by lower other expenses.

Other income

Other income mainly consists of bank interest income, dividend income, compensation and territory commissions received from Manitowoc and recovery of impaired trade receivables previously recognised. Compensation is receivable from Manitowoc when we provide repair services for cranes which are under warranties of Manitowoc. Territory commission is receivable from Manitowoc if its other distributors sell to customers within our distributorship regions. We receive bank interest income mainly from pledged deposits placed with banks to secure a revolving facility. The sales of fixing angle (the spare part connecting the tower crane mast to the concrete base) refer to the sale of the spare parts in our normal operations.

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The remaining other income represents miscellaneous income attributable to various subsidiaries. The balance for the year ended 31 December 2008 amounted to HK\$0.6 million, where approximately HK\$0.2 million was attributable to the disposal of scrap metal, approximate HK\$0.1 million was attributable to the provision of tower crane painting service to the customer, and the rest of approximately HK\$0.3 million was related to various miscellaneous items of immaterial amounts.

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	618	398	490
Compensation received	388	889	418
Dividend income	307	159	—
Net foreign exchange gain	485	932	—
Gain on disposal of property, plant and equipment	87	—	—
Recovery of impaired trade receivables	208	325	1,027
Sales of fixing angles	583	339	58
Territory commission	780	778	274
Others	—	587	21
	<u>3,456</u>	<u>4,407</u>	<u>2,288</u>

Year ended 31 December 2008 compared to year ended 31 December 2007

Other income of our Group increased marginally from HK\$3.5 million in 2007 to HK\$4.4 million in 2008. We received compensation of approximately HK\$0.9 million and territory commissions of approximately HK\$0.8 million from Manitowoc in 2008. There was also net foreign exchange gain of HK\$0.9 million in 2008 compared with HK\$0.5 million in 2007.

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

Other income of our Group decreased from HK\$4.4 million in 2008 to HK\$2.3 million in 2009 mainly due to the reduction of the compensation received and territory commission from Manitowoc. In addition, we did not receive any dividend income from our investment in Shenzhen Nectar. These were however offset by the recovery of impaired trade receivables of approximately HK\$1.0 million.

Other operating expenses

Other operating expenses amounted to approximately HK\$21.0 million, HK\$21.4 million and HK\$21.4 million for the years ended 31 December 2007, 2008 and 2009 respectively. They consisted of depreciation charges on property, plant and equipment. Other operating expenses increased slightly from HK\$21.0 million in 2007 to HK\$21.4 million in 2008 due to additional investments in the property, plant and equipment during the year. The depreciation charge recognised under other operating expenses remained stable year-on-year in 2009.

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Finance costs

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Interest charges on financial liabilities stated at amortised cost:			
— Bank loans wholly repayable within five years	2,577	1,632	108
— Finance lease payables wholly repayable within five years	2,254	3,317	3,030
— Advances from fellow subsidiaries	991	893	786
— Advance from a related company	15	10	10
— Trade payables	897	2,470	2,336
— Others	446	330	257
	<u>7,180</u>	<u>8,652</u>	<u>6,527</u>

Finance costs mainly include the interest charges on bank loans, finance lease payables, trade payables and advances from related companies.

Year ended 31 December 2008 compared to year ended 31 December 2007

Finance costs increased from HK\$7.2 million in 2007 to HK\$8.7 million in 2008 mainly due to the increase in interest charge for trade payables as we utilised the trade credit line provided by Manitowoc more frequently for our purchases during 2008.

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

Finance costs decreased from HK\$8.7 million in 2008 to HK\$6.5 million in 2009 mainly due to the decrease in interest charge for bank loans as substantial repayment was made during 2009. A large proportion of the bank borrowing of HK\$8.4 million as at 31 December 2009 was drawn towards year-end of 2009 and thus, only minimal interest charges were incurred. Interest expenses on finance lease payables decreased despite higher balance on 31 December 2009 as compared with that as at 31 December 2008 as a large amount of such balances were drawn towards the end of 2009.

Income tax

The income tax recognised in the combined statements of comprehensive income amounted to a credit of HK\$4.0 million, expenses of HK\$1.1 million and HK\$8.4 million for the years ended 31 December 2007, 2008 and 2009 respectively. The effective tax rate amounted to nil, 5.3% and 22.8% for the years ended 31 December 2007, 2008 and 2009 respectively.

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The income tax credit was recognised for the year ended 31 December 2007 mainly due to the deferred tax assets of approximately HK\$4.4 million recognised by Manta Singapore in relation to prior year tax losses. The effective tax rate was 5.3% for the year ended 31 December 2008, which was below the normal tax rate of 16.5% and 18% in Hong Kong and Singapore respectively in 2008, as part of the assessable profit of the Group was off set by the allowable tax losses during the year. The effective tax rate of 22.8% for the year ended 31 December 2009 was above the normal tax rates of 16.5% and 17% in Hong Kong and Singapore respectively in 2009 as the Group had a non-deductible expenses of approximately HK\$4.1 million during the year. The non-deductible expenses represented depreciation expense not deductible less balancing charges taxable and depreciation allowances when calculating Singapore income tax. The balancing charges are charges that may be assessable to Singapore income tax on the disposal of assets when the proceeds realised on the sale of these assets exceed their written-down value (being the cost of the asset less the capital allowance previously claimed).

A detailed reconciliation of income tax (credit)/expense and accounting profit at applicable tax rate was set out in note 10 of the financial information included in Appendix I to this prospectus.

Net profit margin

The profit after income tax of the Group were approximately HK\$13.9 million, HK\$20.3 million and HK\$28.5 million for the year ended 31 December 2007, 2008 and 2009 respectively. The corresponding net profit margin were 6.5%, 7.7% and 15.5% respectively.

The net profit margin improved from 6.5% in 2007 to 7.7% in 2008 due to improvement in the gross profit and relatively stable incurred expenses for the year ended 31 December 2008. The net profit margin increased to 15.5% in 2009 due to substantial increase in gross profit to 49.5% for the year ended 31 December 2009 from 29.1% in the previous year. Meanwhile, there was a comparable level of expenses incurred as compared to 2008.

LIQUIDITY AND CAPITAL RESOURCES

Net current assets/liabilities

Our primary use of cash are to pay for purchases of new and used tower cranes for our trading of tower cranes and rental, servicing and others operation and as working capital for the Group's operations. We finance our liquidity requirements primarily through our current cash and cash equivalents, cash flow from operating activities, interest-bearing bank borrowings and finance lease arrangements. Historically we also financed our liquidity through financing provided by Mulpha in the form of amounts due to fellow subsidiaries and a related company. Upon listing, our sources of liquidity will be satisfied using a combination of cash provided by operating activities, short-term or long-term indebtedness and the proceeds from the Share Offer.

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The following table sets out the details of our current assets and liabilities as at the end of the financial years indicated.

	At 31 December		At 30 April	
	2007	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current assets				
Inventories and consumables	44,421	55,412	36,865	35,325
Trade receivables	24,133	21,901	31,274	33,994
Prepayments, deposits and other receivables	5,141	10,068	10,128	11,771
Pledged bank deposits	10,568	9,596	9,838	9,530
Cash and cash equivalents	22,483	19,470	45,970	44,913
Total current assets	<u>106,746</u>	<u>116,447</u>	<u>134,075</u>	<u>135,533</u>
Trade payables	50,177	69,830	31,587	31,653
Receipt in advance, accruals and other payables	17,465	19,064	30,132	23,711
Derivative financial instruments	—	—	159	159
Amounts due to fellow subsidiaries	33,902	34,518	36,768	38,168
Amount due to a related company	147	157	167	—
Amount due to ultimate holding company	17	17	—	—
Bank borrowings	22,193	10,114	2,100	2,008
Finance lease payables	14,115	16,976	27,468	28,047
Provision	—	767	767	767
Provision for tax	—	—	1,087	1,831
Total current liabilities	<u>138,016</u>	<u>151,443</u>	<u>130,235</u>	<u>126,344</u>
Net current (liabilities)/assets	<u>(31,270)</u>	<u>(34,996)</u>	<u>3,840</u>	<u>9,189</u>

Our net current asset increased from HK\$3.8 million as at 31 December 2009 to HK\$9.2 million as at 30 April 2010, mainly due to decrease in receipt in advance, accruals and other payables.

The amount due to fellow subsidiaries increased from HK\$36,768,000 as at 31 December 2009 to HK\$38,168,000 as at 30 April 2010. The amount due to MIB Pte Ltd of HK\$11.3 million and interest-bearing portion due to Asian Fame Development Company Limited of HK\$1.3 million has been repaid on 25 June 2010. The amount due to MIB Pte Ltd of HK\$23.5 million, together with the interest-free portion due to Asian Fame Development Company Limited (“Asian Fame”) of HK\$2.0 million was subsequently capitalised as 31,550,000 Shares as detailed in Appendix V to this prospectus.

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We have net current liabilities of HK\$31.3 million and HK\$35.0 million as at 31 December 2007 and 2008 respectively and net current assets of HK\$3.8 million as at 31 December 2009. The net current liabilities positions were mainly due to the amounts due to fellow subsidiaries, including the amounts due to MIB Pte Ltd and Asian Fame, fellow subsidiaries of our Company. These balances were short-term working capital provided by Mulpha which would be repayable on demand.

Our net current liabilities position improved significantly from approximately HK\$35.0 million as at 31 December 2008 to a net current assets position of HK\$3.8 million as at 31 December 2009 due to improved cash position as profitability of our business improved and long term funding from the bank borrowings and finance lease arrangements. This was partly offset by an increase in receipt in advance, accrual and other payables from HK\$19.1 million to HK\$30.1 million.

Cash Flow

The following table sets out a summary of net cash flow for the financial years indicated.

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Net cash generated from operating activities	39,686	56,545	45,700
Net cash used in investing activities	(15,044)	(29,372)	(705)
Net cash used in financing activities	<u>(14,692)</u>	<u>(30,297)</u>	<u>(19,952)</u>
Net increase/(decrease) in cash and cash equivalents	9,950	(3,124)	25,043
Cash and cash equivalents at 1 January	11,409	22,483	19,470
Effect of foreign exchange rates, net	<u>1,124</u>	<u>111</u>	<u>1,457</u>
Cash and cash equivalents at 31 December	<u><u>22,483</u></u>	<u><u>19,470</u></u>	<u><u>45,970</u></u>

Net Cash Generated from Operating Activities

Year ended 31 December 2007

Net cash generated from operating activities amounted to HK\$39.7 million for the year ended 31 December 2007, primarily resulting from profit before income tax of HK\$9.8 million, adjusted for non-cash items as included in the combined statements of comprehensive income of approximately HK\$27.2 million, inflow of HK\$9.8 million due to working capital adjustments and outflow of HK\$7.2 million for interest paid. The key movements of the working capital over the year generally include:

- Decrease in a trade receivables of HK\$14.7 million as we improved our collection from customer during the year;

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- Decrease in amount due to fellow subsidiaries of HK\$2.4 million as we repaid part of the outstanding balance during the year;
- Increase in trade payables of HK\$5.8 million as we increased our order from the supplier amid improvement in our trading business.

Year ended 31 December 2008

Net cash generated from operating activities amounted to HK\$56.5 million for the year ended 31 December 2008, primarily resulting from profit before income tax of HK\$21.4 million, adjusted for non-cash items as included in the combined statements of comprehensive income of approximately HK\$30.9 million, inflow of HK\$12.9 million due to working capital adjustments and outflow of HK\$8.7 million for interest paid. The key movements of the working capital over the year generally include:

- Increase in inventories and consumables of HK\$5.9 million as we carried more tower cranes due to decreased demand toward the year end;
- Decrease in a trade receivables of HK\$1.8 million as we improved our collection effort;
- Increase in prepayment, deposits and other receivables of HK\$4.9 million, which was in line with our rental business growth;
- Increase in trade payables of HK\$19.7 million as we increased our purchase from Manitowoc which granted us long credit term;
- Increase in receipt in advance, accruals and other payables of approximately HK\$1.6 million as we received more deposit from our rental customers as our rental business grew.

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Year ended 31 December 2009

Net cash generated from operating activities amounted to HK\$45.7 million for the year ended 31 December 2009, primarily resulting from profit before income tax of HK\$36.9 million, adjusted for non-cash items as included in the combined statements of comprehensive income of approximately HK\$26.8 million, outflow of HK\$11.4 million due to working capital adjustments and outflow of HK\$6.5 million for interest paid. The key movements of the working capital over the year generally include:

- Decrease in inventories and consumables of HK\$22.0 million as we reduced our inventory and slowdown in the construction and infrastructure sector;
- Increase in trade receivables of HK\$8.4 million as several customers were slow in making payments. Such amounts, which have been substantially settled subsequently, amounted to about HK\$7.9 million up to 31 May 2010;
- Increase in amount due to fellow subsidiaries of HK\$2.3 million due to accrual of interest from the outstanding amount due to fellow subsidiaries;
- Decrease in trade payable of HK\$38.2 million as we reduced the use of credit facilities granted by Manitowoc;
- Increase in receipt in advance, accruals and other payables of approximately HK\$11.1 million as we received more deposit from rental customers as our rental business grew.

Net Cash Used in Investing Activities

Year ended 31 December 2007

Our net cash used in investing activities amounted to HK\$15.0 million for the year ended 31 December 2007, primarily including interest received of HK\$0.6 million and proceeds from disposal of property, plant and equipment of HK\$9.4 million, offset by cash outflow used for purchasing of property, plant and equipment of HK\$25.4 million.

Year ended 31 December 2008

Our net cash used in investing activities amounted to HK\$29.4 million for the year ended 31 December 2008, primarily including interest received of HK\$0.4 million, decrease in pledged bank deposit of HK\$1.0 million and proceeds from disposal of property, plant and equipment of HK\$0.3 million, offset by cash outflow used for purchasing of property, plant and equipment of HK\$31.2 million.

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Year ended 31 December 2009

Our net cash used in investing activities amounted to HK\$0.7 million for the year ended 31 December 2009, primarily including interest received of HK\$0.5 million; offset by increase in pledged bank deposit of HK\$0.2 million and cash outflow used for purchasing of property, plant and equipment of HK\$1.0 million.

Net Cash Used in Financing Activities

Year ended 31 December 2007

Our net cash used in financing activities amounted to HK\$14.7 million for the year ended 31 December 2007, primarily representing settlement of capital element of finance lease liabilities of HK\$3.1 million, repayment of borrowings of HK\$23.2 million, and offset by proceeds from new borrowings of HK\$11.6 million.

Year ended 31 December 2008

Our net cash used in financing activities amounted to HK\$30.3 million for the year ended 31 December 2008, primarily representing dividends paid to then shareholders of HK\$9.5 million, settlement of capital element of finance lease liabilities of HK\$14.1 million, repayment of borrowings of HK\$16.2 million, and offset by proceeds from issuance of share capital of HK\$9.5 million.

Year ended 31 December 2009

Our net cash used in financing activities amounted to HK\$20.0 million for the year ended 31 December 2009, primarily representing settlement of principal element of finance lease liabilities of HK\$18.0 million, repayment of borrowings of HK\$10.3 million, and offset by proceeds from new borrowings of HK\$8.4 million.

Contingent liability

We had no contingent liability as at 31 December 2007, 2008 and 2009.

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Statement of indebtedness

The following table sets out our borrowings and finance lease payables as at the dates indicated:

	At 31 December*			At 30 April
	2007	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank borrowings, secured				
Due within one year	22,193	10,114	2,100	2,008
In the second to fifth years	4,180	—	6,299	14,401
	<u>26,373</u>	<u>10,114</u>	<u>8,399</u>	<u>16,409</u>
Finance lease payables, secured				
Due within one year	14,115	16,976	27,468	28,047
In the second to fifth years	32,392	31,287	40,851	27,352
After fifth year	106	26	—	—
	<u>46,613</u>	<u>48,289</u>	<u>68,319</u>	<u>55,399</u>
Amount due to fellow subsidiaries, unsecured				
Asian Fame Development Company Limited				
- Interest bearing at Hong Kong prime rate plus 3% per annum	1,313	1,313	1,313	1,313
- Interest free	1,794	1,908	2,016	2,033
MIB Pte Ltd				
- Interest bearing at 3%, 3%, 2% and nil per annum at 31 December 2007, 2008, 2009 and 30 April 2010 respectively	30,795	31,297	33,439	34,822
	<u>33,902</u>	<u>34,518</u>	<u>36,768</u>	<u>38,168</u>
Amount due to a related company, unsecured				
Carpo Rich Limited				
- Interest bearing at Hong Kong prime rate plus 3% per annum	147	157	167	—
	<u>147</u>	<u>157</u>	<u>167</u>	<u>—</u>
Ultimate holding company, unsecured - interest free	17	17	—	—
	<u>17</u>	<u>17</u>	<u>—</u>	<u>—</u>

* Figures were extracted from the Accountants' Report of the Company as set out in Appendix I to this prospectus.

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The bank borrowings were secured by the Group's bank deposits, plant and machinery, land and building carried at cost, building at fair value and corporate guarantees provided by Mulpha (Please refer to the section headed "Connected transaction" for details). As of the date of this prospectus, the Group has obtained the consents from certain current lenders to release the financial guarantees provided by Mulpha by replacing them with financial guarantees provided by the Company upon the completion of the Listing.

The finance lease payables were secured the Group's plant and machinery and motor vehicles, by corporate guarantees provided by Mulpha, and personal guarantee provided by Mr. Quek (Please refer to the section headed "Connected transactions" for details). As of the date of this prospectus, the Group has obtained the consents from certain current lenders to release the financial guarantees provided by Mulpha, and the personal guarantee executed by a director of the Group by replacing them with financial guarantees provided by the Company upon the completion of the Listing. For those finance lease facilities that the Group cannot obtain a consent to release the financial guarantees, the Group will repay the finance leases facilities by its cash resources or banking and finance leases facilities from other financial institutions secured by corporate guarantees provided by the Company upon the Listing.

The amount due to MIB Pte Ltd of approximately S\$4,278,000 together with the interest-free amount due to Asian Fame Development Company Limited was subsequently capitalised as 31,550,000 Shares on 25 June 2010 (Please refer to "Corporate reorganisation and group structure" section for details). The interest-bearing amount due to Asian Fame Development Company Limited and the remaining outstanding balance of MIB Pte Ltd have been repaid up to the date of this prospectus. The amount due to Carpo Rich Limited has been fully settled in April 2010.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at close of business on the respective reporting dates.

The Group had received two letters before action dated 8 June 2009 and 26 May 2010 in relation to intended common law claim lodged by a staff of security guard company retained by the Group for his injury on 21 September 2008 in the course of his employment. According to the legal counsel of the Group, as the staff was not the direct employee of the Group, it is very hard to establish a claim/action against the Group for his occupational safety in terms of the occupier liability. In the opinion of the legal counsel, the Group had no duty to provide a safe working place for its non employee. No formal legal action was taken by the claimant against the Group. If the action be taken and the outcome is unfavorable to the Group, the amount of estimated potential loss would be around HK\$410,000 for claim amount and HK\$350,000 for the legal costs.

Even though the final outcome of this claim is still uncertain as of the date of this prospectus, our Directors are of the opinion that the ultimate liability, if any, will not have a material adverse impact upon the Group's financial position. Mulpha has agreed to indemnify the Company for the claim amount, if any.

FINANCIAL INFORMATION

Save as aforesaid or as otherwise disclosed in the statement of indebtedness, and apart from intra-group liabilities, we did not have outstanding borrowings and indebtedness at the close of business on 30 April 2010, any loan capital issued and outstanding or agreed to be issued, bank overdraft, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.

Sufficiency of Working Capital

The Directors confirm that, after due and careful enquiry and taking into consideration the financial resources presently available to us, including banking facilities, finance lease arrangements, other internal resources, and the estimated net proceeds of the Share Offer, our Group has sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

SELECTED INFORMATION FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

The follow table sets out selected information from the combined statement of financial position:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Total non-current assets	112,691	130,263	146,463
Total current assets	<u>106,746</u>	<u>116,447</u>	<u>134,075</u>
Total assets	<u><u>219,437</u></u>	<u><u>246,710</u></u>	<u><u>280,538</u></u>
Total current liabilities	138,016	151,443	130,235
Total non-current liabilities	<u>41,557</u>	<u>35,570</u>	<u>56,043</u>
Total liabilities	<u><u>179,573</u></u>	<u><u>187,013</u></u>	<u><u>186,278</u></u>
Net current (liabilities)/assets	<u><u>(31,270)</u></u>	<u><u>(34,996)</u></u>	<u><u>3,840</u></u>
EQUITY			
Equity attributable to the Company's owners	38,241	58,155	92,744
Minority interests	<u>1,623</u>	<u>1,542</u>	<u>1,516</u>
Total equity	<u><u>39,864</u></u>	<u><u>59,697</u></u>	<u><u>94,260</u></u>

FINANCIAL INFORMATION

Inventory and consumables

Inventory

Our inventory includes mainly (i) replacement and spare parts, for sale or used for our maintenance and servicing operations; (ii) tower cranes pending sale to customers; and (iii) tower cranes which we first receive for rental purpose but yet to be installed at customers' worksites. Such tower cranes for rental will be transferred from inventory to property, plant and equipment upon installation for operating lease. Tower cranes that were rented to third parties under operating lease and installed are not included in inventory. The following table sets out the ageing analysis of our inventory:

	At 31 December		
	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Within 3 months	18,864	19,125	22,322
4-6 months	10,715	21,442	2,623
7-9 months	753	5,251	332
10-12 months	3,396	1,108	4,025
1-2 years	6,792	2,843	3,788
2-3 years	1,283	2,463	1,051
Over 3 years	<u>1,189</u>	<u>1,774</u>	<u>1,639</u>
	42,992	54,006	35,780
Items below HK\$5,000 (<i>note</i>)	<u>1,429</u>	<u>1,406</u>	<u>1,085</u>
Total	<u><u>44,421</u></u>	<u><u>55,412</u></u>	<u><u>36,865</u></u>
Inventory turnover days	107	109	145

Note: Items below HK\$5,000 consisted mainly of small replacement and spare parts which are generic items and can be used on most models of cranes and equipment.

Inventory turnover days

Inventory turnover days are calculated based on the ending inventory of a given year divided by cost of sales and services for the corresponding year and then multiplied by 365 days.

While the Group typically places back-to-back orders for trading new cranes and will only purchase new cranes for its rental fleet upon committed rental orders, the Group has relatively long inventory turnover days of more than 100 days. This is mainly due to i) early delivery of cranes by suppliers after liaison between the Group and the suppliers to secure on-time delivery of the new cranes to customers; and ii) the delay in taking delivery of the new cranes in case of sale, or ordering installation in case of rental, by customers from time to time.

FINANCIAL INFORMATION

Inventory turnover days increased slightly from 107 days in 2007 to 109 days in 2008 as we carried more tower cranes as at 31 December 2008 due to the slowdown of the construction and infrastructure sectors which affected demand. Cost of sales in 2009 reduced substantially by over 50% due to (i) a reduction in trading of new tower cranes; and (ii) low carrying value of used cranes. Meanwhile, the lower trading activities of new cranes resulted in inventory balance reduced by about 33%. Consequently, inventory turnover days increased substantially to 145 days.

Inventory ageing

As at 31 December 2009, the inventories ageing up to six months consisted mainly of new tower cranes pending sale or installation for rental. As at 31 December 2009, approximately 32% of the Group's inventories were aged over six months. These inventories comprised mainly of spare parts which have to be kept in inventory for the Group's maintenance services. These parts typically have long shelf life and there have been minimal obsolescence on these parts. Inventory items with ageing of more than three years consisted mainly of durable items with long shelf life and can be used on most models of cranes.

Subsequent usage

In respect of inventory balance as at 31 December 2009 of HK\$36.9 million, subsequent usage and/or sale of inventories and consumables up to 31 May 2010 amounted to HK\$9.8 million, representing approximately 26.6% of the inventory balance as at 31 December 2009. According to the management, subsequent usage as at 31 December 2009 has been low as (i) three cranes with committed buyers will only be delivered around mid 2010; (ii) at the request of customers, there has been a delay in delivery and installation of a number of cranes which has committed rental arrangement.

Provisions

We perform regular checks and physical count to ensure the condition and quality of our inventories. Provisions for slow-moving inventories are made based on the ageing and estimated net realisable value of inventories. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and therefore results in further provision or write-off of inventories on hand. The amount of provisions made on inventories were nil, HK\$343,000 and HK\$5,000 for the years ended 31 December 2007, 2008 and 2009.

FINANCIAL INFORMATION

Trade receivables and Debtors' Turnover Days

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Trade receivables, gross	25,024	22,978	31,495
Less: Provision for impairment	<u>(891)</u>	<u>(1,077)</u>	<u>(221)</u>
Trade receivables, net	<u>24,133</u>	<u>21,901</u>	<u>31,274</u>

The following table sets out our trade receivable ageing analysis, based on invoice date, and the debtors' turnover day for the respective years.

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	8,286	10,812	13,505
31 to 60 days	8,086	10,636	9,595
61 to 90 days	7,761	453	272
Over 90 days	<u>—</u>	<u>—</u>	<u>7,902</u>
Trade receivables, net	<u>24,133</u>	<u>21,901</u>	<u>31,274</u>
Debtors' turnover days (<i>note</i>)	41	31	62

Note: Debtors' turnover days are calculated based on the ending trade receivables of a given year divided by the revenue for the corresponding year and multiplied by 365 days.

Our trade receivables amounted to HK\$24.1 million, HK\$21.9 million and HK\$31.3 million as at 31 December 2007, 2008 and 2009 respectively. We typically offer a credit period of up to 60 days to our customers. We provide for impairment losses on trade receivables based on assessments of the recoverability of the trade receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be made. Trade receivable turnover days improved from 41 days in 2007 to 31 days in 2008 as we recognised impairment to the trade receivable accounts with long outstanding balances in 2008. Trade receivable turnover days increased to 62 days in 2009 as lesser provisions were made on long outstanding balance based on recoverability during 2009 of previously impaired trade receivables. Outstanding balance over 90 days, amounted to HK\$7.9 million as at 31 December 2009 and such balance has been substantially settled subsequently. As at 31 May 2010, subsequent settlement of trade receivables as at 31 December 2009 amounted to HK\$31.0 million, representing approximately 99.1% of the balance as at 31 December 2009.

FINANCIAL INFORMATION

Prepayments, Deposits and Other Receivables Analysis

The following table sets out our prepayments, deposits and other receivables as at the dates indicated.

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	1,988	6,602	6,747
Deposits	1,104	1,816	2,497
Other receivables	<u>2,049</u>	<u>1,650</u>	<u>884</u>
	<u>5,141</u>	<u>10,068</u>	<u>10,128</u>

Prepayments balance increased from HK\$2.0 million in 2007 to HK\$6.6 million in 2008 as our prepaid costs incurred for rental of tower crane, such as deposits to independent third party owners of tower cranes which we lease for onward rental purpose, increased in line with the ramp up of our tower cranes rental business in 2008. The balance increased only slightly in 2009 compared to 2008 as our tower cranes rental activity in 2009 has been comparable to that in late 2008. Deposits, which mainly represents those placed for the subletting of tower cranes, increased from HK\$1.1 million in 2007 to HK\$1.8 million in 2008 as we leased more tower cranes from independent third party owners in 2008. In 2009, the deposit balance increased to HK\$2.5 million as we leased more tower cranes from independent third party owners which was in line with the growth of our tower crane rental servicing and others operation in 2009.

Trade payables and Creditors' Turnover Days

Trade payables mainly represent the amount payable to suppliers, including new and used tower crane suppliers and subcontractors providing installation and dismantling services. Our major supplier, Manitowoc, typically grants us a 360-day credit facility where interests will be charged. The trade finance offered by Manitowoc is interest bearing and the interest rate is determined based on prevailing market rate. For other suppliers, we are typically granted credit terms of up to 60 days. Our trade payable turnover days will typically increase when we increase the utilisation of the Manitowoc 360-day credit facility.

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The following table sets out our trade payable ageing analysis based on invoice date and the creditors' turnover day for the respective years.

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	23,259	31,957	21,012
31 to 60 days	3,372	10,386	5,875
61 to 90 days	6,820	5,687	1,433
Over 90 days	<u>16,726</u>	<u>21,800</u>	<u>3,267</u>
Total trade payables	<u>50,177</u>	<u>69,830</u>	<u>31,587</u>
Creditors' turnover days (<i>note</i>)	120	137	124

Note: Creditors' turnover days are calculated based on the ending trade payables of a given year divided by the cost of sales and services for the corresponding year and multiplied by 365 days.

Our trade payables amounted to HK\$50.2 million, HK\$69.8 million and HK\$31.6 million as at 31 December 2007, 2008 and 2009 respectively. The balance increased in 2008 compared to 2007 as we purchased more new cranes from Manitowoc in anticipation of growing business. Trade payables balance decreased in 2009 as we reduced the utilisation of credit facility granted by Manitowoc by increasing the utilisation of finance lease arrangements to finance our rental fleet.

The trade payable turnover days increased from 120 days in 2007 to 137 days as we increased our purchases of new cranes from Manitowoc and had increased the utilisation of the 360-day credit facility granted. The trade payable turnover days decreased from 137 days to 124 days as we decreased our purchases of new cranes from Manitowoc due to reduced demand for new tower cranes in 2009.

FINANCIAL INFORMATION

Receipt in advance, accruals and other payables

The table below sets out the breakdown of receipt in advance, accruals and other payable as at the dates indicated:

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Receipt in advance	11,435	11,471	22,030
Accruals	4,126	4,762	3,726
Other payables	<u>1,904</u>	<u>2,831</u>	<u>4,376</u>
	<u>17,465</u>	<u>19,064</u>	<u>30,132</u>

Receipt in advance primarily consists of deposits received from our rental customers for the rental of tower cranes. The receipt in advance balance in 2008 of HK\$11.5 million was comparable to that in 2007 of HK\$11.4 million. The balance increased to HK\$22.0 million in 2009 as (i) we received higher amount of rental deposits in line with the growth of our rental business; and (ii) we received sale deposits of approximately HK\$7.1 million from our trading customers at the year end of 2009.

Other payables include various payables incurred for our trading and rental operations. The balance increased from HK\$1.9 million to HK\$2.8 million in 2008 as there was a warranty claim of HK\$0.6 million in 2008 (nil in 2007). Warranty expenses are recognised only as and when they are actually incurred. Such warranty expenses are offset by warranty compensation from Manitowoc, as Manitowoc, being the manufacturer, provides warranty for new tower cranes sold. We do not provide warranty for used cranes we sell. The other payable balance increased to HK\$4.4 million in 2009 mainly due to GST payable of approximately HK\$1.7 million in relation to the purchase of cranes from Manta Singapore towards the year end.

Bank borrowings

Please refer to the paragraphs headed “Statement of indebtedness” in this section for discussion on our bank borrowings.

Amounts due to fellow subsidiaries

Amounts due to fellow subsidiaries relate to the loans from (i) MIB Pte Ltd, an indirectly wholly-owned subsidiary of Mulpha; and (ii) Asian Fame Development Company Limited, a directly wholly-owned subsidiary of Mulpha. Please refer to “Statement of indebtedness” in this section and the section headed “Connection transactions” for more details.

FINANCIAL INFORMATION

Finance lease payables

We entered into finance lease mainly for our rental fleet of tower cranes. The average lease term is three to five years. Under the finance lease arrangement, we have the option to purchase the leased tower cranes at a price that is substantially lower than their fair value at the end of the lease. The following table sets out the minimum finance lease payables by due date.

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Total minimum lease payments:			
Due within one year	16,843	19,503	30,554
Due in the second to fifth years	35,586	33,776	44,930
Due after five years	<u>114</u>	<u>27</u>	<u>—</u>
	52,543	53,306	75,484
Future finance charges on finance leases	<u>(5,930)</u>	<u>(5,017)</u>	<u>(7,165)</u>
Present value of finance lease liabilities	<u><u>46,613</u></u>	<u><u>48,289</u></u>	<u><u>68,319</u></u>

The effective interest rate charged on our finance lease payables were 2.8%-8.3%, 4.6%-8.3% and 4.4%-8.3% at 31 December 2007, 2008 and 2009 respectively. The finance lease payable increased by 1.5% year-on-year in 2008 and by 41.6% in 2009, due to the growth of our rental fleet and our management intention to finance our rental fleet with long-term external financing to improve our cash position.

Operating lease commitment

As lessor

The table below sets out the future aggregate minimum lease receipts in respect of plant and machinery under non-cancellable operating leases as lessor:

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Within one year	21,196	47,094	34,332
In the second to fifth years, inclusive	<u>718</u>	<u>7,467</u>	<u>2,373</u>
	<u><u>21,914</u></u>	<u><u>54,561</u></u>	<u><u>36,705</u></u>

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We rent our plant and machinery to our rental customers under operating leases arrangements which run for an initial period of one to two years. All leases are on a fixed rental basis and do not include contingent rentals. The terms of leases generally require the lessee to pay security deposits.

As lessee

The table below sets out the total future minimum lease payments in respect of plant and machinery, and properties under non-cancellable operating leases where we are the lessee:

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Within one year	648	3,189	1,555
In the second to fifth years, inclusive	2,206	2,044	4,381
After five years	<u>3,442</u>	<u>2,948</u>	<u>2,198</u>
	<u>6,296</u>	<u>8,181</u>	<u>8,134</u>

During our normal course of business, we will lease tower cranes from third party owner and onward rent to our customers. Such rental term usually run for a period of one to two years and all rentals are fixed over the terms and do not include contingent rentals. We also rent our storage facilities in Hong Kong and Singapore under operating leases.

SELECTED FINANCIAL RATIOS DISCUSSION

The following table sets out certain financial ratios as at the end of the financial year indicated:

	At 31 December		
	2007	2008	2009
Current ratio (<i>note 1</i>)	0.77 times	0.77 times	1.03 times
Quick ratio (<i>note 2</i>)	0.45 times	0.40 times	0.75 times
Gearing ratio (<i>note 3</i>)	33.3%	23.7%	27.3%
Debt-to-equity ratio (<i>note 4</i>)	185.6%	107.3%	61.4%
Return on total asset ratio (<i>note 5</i>)	6.3%	8.2%	10.2%
Return on equity ratio (<i>note 6</i>)	34.8%	33.9%	30.2%
Interest coverage ratio (<i>note 7</i>)	2.37 times	3.47 times	6.65 times

Notes:

1. Current ratio is calculated by dividing current assets with current liabilities as at the respective year-end.
2. Quick ratio is calculated by dividing current assets (less inventory) with current liabilities as at the respective year-end.

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3. Gearing ratio is calculated by dividing interest-bearing loans and finance lease payable with the total assets as at the respective year-end.
4. Debt-to-equity ratio is calculated by dividing total net debt with total equity as at the respective year-end.
5. Return on total assets is calculated by dividing profit for the period/year with the total assets as at the respective year-end.
6. Return on equity is calculated by dividing profit for the period/year with the total equity as at the respective year-end.
7. Interest coverage is calculated by dividing profit before interest and tax with the finance cost for the corresponding year.

Current ratio

Our current ratio was stable in 2008 as compared to 2007 at around 0.77 times mainly due to improved operating results while we intended to increase our operations which required more working capital. Current ratio improved from 0.77 times to 1.03 times as the operating results improved continuously, while we exercised more stringent cash flow management to improve our cash position.

Quick ratio

Our quick ratio decreased from 0.45 times in 2007 to 0.40 times in 2008 as we increased our inventory and consumables in anticipation of growth in our trading business. The quick ratio improved to 0.75 times in 2009 as we reduced our inventory level and improved our operations and cash position.

Gearing ratio

Our gearing ratio decreased from 33.3% in 2007 to 23.7% in 2008 as we repaid part of our bank borrowings during the year. In 2009, the gearing ratio increased from 23.7% to 27.3% as we have entered into more finance lease arrangements for our rental fleet.

Debt-to-equity ratio

Our debt-to-equity ratio decreased from 185.6% in 2007 to 107.3% in 2008 as we paid down our bank borrowings, the balance of which decreased from HK\$26.4 million to HK\$10.1 million. The debt-to-equity ratio further improved in 2009 due to our improved profitability which increased our shareholder's equity.

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Return on total assets ratio

Our return on total assets ratio increased from 6.3% in 2007 to 8.2% in 2008 as our profitability increased in 2008 through achieving higher gross profit margin and improved asset turnover ratio by utilising our assets more efficiently. Return on total assets increased to 10.2% in 2009 as we improved our rental business and sold primarily used tower cranes during the year, both of which in general have higher profit margins.

Return on equity ratio

Our return on equity ratio decreased from 34.8% in 2007 to 33.9% in 2008 despite the improved return on total assets ratio. This is primarily due to reduction in debt financing, resulting in higher utilisation of equity capital. Return on equity further reduced to 30.2% in 2009 as our equity capital base increased with the growth in retained earnings.

Interest coverage

Our interest coverage ratio improved from 2.37 times in 2007 to 3.47 times in 2008 as we reduced our indebtedness while improving our profitability. Interest coverage further improved to 6.65 times in 2009 as we further reduced our finance costs and our operating profits improved.

CAPITAL EXPENDITURE

During the Track Record Period, our major capital expenditures were attributable to the purchase of tower crane for our rental fleet and the improvement of the workshop facilities. Our capital expenditures primarily comprised property, plant and equipment, which amounted to approximately HK\$46.2 million, HK\$47.0 million, and HK\$39.1 million for the years ended 31 December 2007, 2008 and 2009 respectively. We have historically funded our capital expenditures through cash generated from our operations, finance lease arrangements, bank borrowings and advances from fellow subsidiaries and a related company.

Subject to the amount of net proceeds of the Share Offer, we plan to continue our investments in expanding our rental fleet and enhancing our service capability and workshop facilities. Our planned capital expenditure for the year ending 31 December 2010 is approximately HK\$73.5 million. We may adjust our capital expenditures for any given period in the future according to our development plans and in light of the market conditions and other factors we believe to be appropriate.

PROPERTY INTERESTS AND PROPERTY VALUATION

LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor firm, valued our leasehold interests in land and buildings in Hong Kong and Singapore as at 30 April 2010. No commercial values were attributed to the properties under various operating leases. For details related to our owned and leased properties, together with the relevant valuations and valuation certificates, please refer to the paragraph headed “Properties” under the section headed “Business” and the Valuation Report set out in Appendix III to this prospectus.

FINANCIAL INFORMATION

The statement below show the reconciliation of aggregate amounts of land and buildings carry at fair value as reflected on the audited combined financial information as of 31 December 2009 with the valuation of these properties as of 30 April 2010 as set out in Appendix III to this prospectus.

	<i>HK\$'000</i>
Net book value of property interests of our Group as of 31 December 2009	
Land and building carried at fair value	4,068
Movements for the four months ended 30 April 2010	
Less: Depreciation during the period	<u>(36)</u>
Net book value as of 30 April 2010	4,032
Revaluation surplus	<u>38</u>
Valuation as of 30 April 2010	<u><u>4,070</u></u>

The statement below show the reconciliation of aggregate amounts of the buildings carried at cost as reflected on the audited combined financial information as of 31 December 2009 with the valuation of these properties as of 30 April 2010 as set out in Appendix III to this prospectus.

	<i>HK\$'000</i>
Net book value of property interests of our Group as of 31 December 2009	
Building carried at costs	4,644
Movements for the four months ended 30 April 2010	
Less: Depreciation during the period	<u>(34)</u>
Net book value as of 30 April 2010	4,610
Revaluation surplus (<i>note</i>)	<u>7,860</u>
Valuation as of 30 April 2010	<u><u>12,470</u></u>

Note: The revaluation surplus of the building carried at cost will not be included in the Group's financial information for the year ending 31 December 2010. The Group's accounting policy is to state such property interest at cost less accumulated depreciation and any impairment loss rather than at revalued amount.

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MARKET RISK

We are exposed to various types of financial risks, including market risk (including foreign exchange risk, interest rate risk and fair value risk), credit risks and liquidity risk in the normal course of business.

Interest rate risk

We are exposed to interest rate risk mainly for our bank deposits and interest rate-related financial instruments. Our bank deposits and balances bear floating interest rates while our bank borrowings, trade payables, amounts due to fellow subsidiaries, amount due to a related company and finance leases payables bear fixed or floating interest rates. Our income and operating cash flows are substantially independent of interest rate changes. We currently do not have interest rate hedging policy, but we closely monitor interest rate risk exposure and may consider hedging significant interest rate risk exposure when necessary. Please refer to note 34(a) of the Accountants' Report of the Company in Appendix I to this prospectus for more information.

Fair value risk

The fair values of our financial assets and liabilities were not materially different from their carrying amounts due to their immediate or short term maturity. The fair values of non-current liabilities were not disclosed as the carrying values were not materially different from the fair values.

Foreign currency risk

Over half the revenue and part of assets and liabilities of the Group are denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our leasing operations in Singapore is primarily dominated in Singapore dollar. Purchases of tower cranes and other parts from suppliers are usually denominated in Euro or US dollar. For our foreign currency purchases, we may enter into hedging arrangements to hedge against foreign exchange fluctuation. However, at present we do not have any hedging arrangement for our revenue generated from our Singapore and Vietnam operations. Details of our exposure to foreign currencies risk is summarised in note 34(c) of the Accountants' Report of the Company in Appendix I to this prospectus.

In addition, as our reporting currency is Hong Kong dollar, the financial result of our foreign subsidiaries and joint venture will need to be translated into Hong Kong dollar for consolidation purpose. As such, any material fluctuation in foreign exchange rates will result in translation gains or losses on the Group's consolidated account. Any such translation gains or losses will be recognised in the exchange reserves or deficits as part of our Shareholders' equity.

Credit risk

Our Group is exposed to credit risk as we grant credit terms to our customers in our ordinary course of business. Our maximum exposure to credit risk is limited to the carrying amounts of recognised financial assets, the details of which is summarised in note 34(b) of the Accountants' Report of the Company in Appendix I to this prospectus.

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None of our Group's financial assets are secured by collateral or other credit enhancement, but we consider that these financial assets are not impaired and are of good credit quality, including those that are past due. There are no significant concentrations of credit risk as we have diversified customer base. The credit risk for bank deposits and balances is considered negligible since the counterparties are reputable banks.

We continuously monitor defaults of customers and other counterparties. For details of our credit management policies, please refer to the paragraphs headed "Credit Management" in the section headed "Business" in this prospectus.

Liquidity risk

We are potentially exposed to liquidity risk in respect of settlement of trade and other payables and our financing obligations, and also in respect of our cash flow management. We have net current liabilities of approximately HK\$31.2 million and HK\$35.0 million as at 31 December 2007 and 2008, despite net current assets of HK\$3.8 million as at 31 December 2009. In the past, we have obtained financial resources through Mulpha in form of shareholder's loan to finance part of our operations. The shareholder's loan was subsequently repaid or capitalised in 2010 as part of the Reorganisation (please refer to the section headed "Corporate reorganisation and group structure" for details). Upon the Listing, our plan is to maintain appropriate level of liquid assets and committed lines of funding to meet our short and long term liquidity requirements.

It is our Group's policy to regularly monitor our current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms. For the maturity profile of the Group's financial liabilities as at 31 December 2007, 2008 and 2009, please refer to note 34(d) of the Accountants' Report of the Company in Appendix I to this prospectus.

OFF BALANCE SHEET ARRANGEMENTS

We do not have any material outstanding derivative instruments, off-balance sheet guarantees or foreign currency forward contract. We do not engage in trading activities involving non-exchange trade contracts.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the Group's financial or trading position or prospects since 31 December 2009, being the date of the Group's last audited combined financial information as set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

DIVIDEND POLICY

Our Directors may recommend that dividends be declared after taking into account, among other things, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on HKFRSs, our Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. Under our Articles of Association, declaration of final dividends is subject to the Shareholders' approval at our annual general meeting, while our Directors have been granted the authority to pay interim dividends without Shareholders' approval.

Any distributable profits that are not distributed in any given year may be retained and be made available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available for reinvestment in our operations. During the Track Record Period, one of our subsidiaries has paid dividends amounting to HK\$9.5 million. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. As at the Latest Practicable Date, the Directors do not expect to declare any dividend for the year ending 31 December 2010.

RELATED PARTY TRANSACTIONS

The table below sets out the significant related party transactions and balances for the financial years indicated:

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Management fee payable to ultimate holding company	120	120	120
Interest paid to fellow subsidiaries	991	893	786
Interest paid to a related company	15	10	10
Rental paid to a fellow subsidiary	16	15	21

FINANCIAL INFORMATION

	As at 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Amounts due to fellow subsidiaries			
Asian Fame Development Company Limited			
— Interest bearing at Hong Kong prime rate plus 3% per annum	1,313	1,313	1,313
— Interest free	1,794	1,908	2,016
MIB Pte Ltd			
— Interest bearing at 3%, 3% and 2% per annum at 31 December 2007, 2008 and 2009 respectively	30,795	31,297	33,439
Amounts due to a related company			
Carpo Rich Limited			
— Interest bearing at Hong Kong prime rate plus 3% per annum	147	157	167
Amounts due to the ultimate holding company			
— interest free	17	17	—

The related parties transactions include the management fee paid to Mulpha, the amounts due to the Mulpha Group (namely Mulpha, Asian Fame Development Limited and MIB Pte Ltd), the amounts due to Carpo Rich Limited and the corresponding interests incurred for these financial advances. As Mulpha and its subsidiaries, and Carpo Rich Limited are connected persons to our Group as defined by the Listing Rules, for detailed discussion on these balances, please refer to the section headed “Connected Transactions” in this prospectus.

The Directors (including the executive Directors and the independent non-executive Directors) have confirmed that they are of the view that the related party transactions were based on normal commercial terms.

DISTRIBUTABLE RESERVES

As at 31 December 2009, our Company did not have a reserve available for distribution to its Shareholders.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Share Offer on our net tangible assets attributable to owners of the Company as of 31 December 2009 as if it had taken place on 31 December 2009.

FINANCIAL INFORMATION

Unaudited Pro Forma Adjusted Net Tangible Assets

The unaudited pro forma statement of adjusted net tangible assets on the basis of the notes set out below have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our combined net tangible assets as of 31 December 2009 or any future dates. It is prepared based on our combined net tangible assets attributable to owners of the Company as of 31 December 2009 as derived from our combined financial information set forth in the Accountants' Report of the Company in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the Accountants' Report of the Company as set forth in Appendix I to this prospectus.

	Unadjusted audited combined net tangible assets of the Group attributable to owners of the Company as of 31 December 2009	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(note 1)</i>	<i>(note 2)</i>		<i>(note 3)</i>
Based on an Offer Price of HK\$1.00 per Share	<u>92,744</u>	<u>38,108</u>	<u>130,852</u>	<u>0.65</u>

Notes:

- (1) The unadjusted audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2009 is extracted from the Accountants' Report of the Company set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer is based on the indicative Offer Price of HK\$1.00 per Share, after deduction of the underwriting fees and other related expenses payable by our Company of approximately HK\$11,892,000. No account has been taken of the Share which may be issued upon the exercise of Offer Size Adjustment Option or options that may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 200,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Further Information about the Company and its subsidiaries" in Appendix V to this prospectus.
- (4) The property interests of the Group as at 30 April 2010 were valued by LCH (Asia-Pacific) Surveyors Limited. Details of the valuation in respect of these property interests were set out in Appendix III to this prospectus.

FINANCIAL INFORMATION

The revaluation surplus of the property interest classified as “building carried at cost” under property, plant and equipment of approximately HK\$7,826,000 will not be included in the Group’s financial information for the year ending 31 December 2010. The Group’s accounting policy is to state such property interest at cost less accumulated depreciation and any impairment loss rather than at revalued amount.

The revaluation surplus of the property interest classified as “land and building carried at fair value” under property, plant and equipment of approximately HK\$2,000 will be included in the Group’ financial information for the year ending 31 December 2010. The Group’s accounting policy is to state such property interest at valuation less accumulated depreciation and any impairment loss.

Had all the property interests been stated at such valuations, an additional depreciation of approximately HK\$284,000 would be charged for the year ending 31 December 2010.

- (5) The calculation of the unaudited pro forma adjusted net tangible assets has not taken into account of the capitalisation of approximately HK\$25,969,000 due to two fellow subsidiaries of the Company as detailed in note 23 to the Accountants’ Report of the Company in Appendix I to this prospectus. If the capitalisation has been included in the above calculation, the unaudited pro forma adjusted net tangible assets would have been increased.
- (6) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2009.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there have been no circumstances that would give rise to the disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules had our Shares been listed on the Stock Exchange.

USE OF PROCEEDS

USE OF PROCEEDS

As discussed in the paragraph headed “Business Strategies and Future Plans” in the section headed “Business” in this prospectus, we intend to apply the proceeds from the Share Offer principally towards expanding our rental fleet and inventory for trading. Net proceeds from the Share Offer (assuming no Offer Size Adjustment Option is exercised), after deducting underwriting commissions and professional fees, is expected to amount to approximately HK\$38.1 million. We intend to use such net proceeds in the following manner:

- a) as to approximately HK\$20.0 million, representing approximately 52.5% of the net proceeds from the Share Offer for the down payment of purchase of new “Potain” tower cranes for rental purposes;
- b) as to approximately HK\$11.0 million, representing approximately 28.9% of the net proceeds from the Share Offer for the down or full payment of purchase of new “Potain” tower cranes for trading purposes;
- c) as to approximately HK\$3.8 million, representing approximately 10.0% of the net proceeds from the Share Offer for general working capital of the Group; and
- d) as to approximately HK\$3.3 million, representing approximately 8.6% of the net proceeds from the Share Offer for the expansion and improvement of our storage facilities and service and maintenance workshops.

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full, are currently estimated to be approximately HK\$7.5 million. They would be applied in the manner and proportions stated above.

To the extent the net proceeds of the Share Offer are not immediately used for the purposes described above, we intend to invest the proceeds in short term demand deposits and/or money-market instruments.

UNDERWRITING

UNDERWRITER

Public Offer Underwriter

Get Nice Securities Limited

Placing Underwriter

Get Nice Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering 5,000,000 Shares for subscription by the public in Hong Kong under the Public Offer subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price and 45,000,000 Shares at the Offer Price under the Placing. Subject to, among other conditions, (i) the granting of the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee on or before 28 June 2010 (or such other date as the Company and the Lead Manager (on behalf of the Underwriter) may agree) and such listing and permission not subsequently being revoked prior to Listing Date and (ii) certain other conditions set out in the Underwriting Agreement, the Public Offer Underwriter has agreed to procure applications for the Public Offer Shares being offered or, failing which, to apply for such Public Offer Shares itself on the terms and conditions as set out in the Underwriting Agreement, and the Placing Underwriter has agreed to procure subscribers for, or failing which they shall subscribe for, the Placing Shares.

Grounds for termination

The Lead Manager (for itself and on behalf of the Underwriter) shall have the absolute right by notice in writing to the Company (after consultation with the Company as far as practicable) to terminate the Underwriting Agreement upon occurrence of the following events at any time at or before 8:00 a.m. on the Listing Date ("Termination Time"), if prior to the Termination Time:

- (a) there comes to the notice of any of the Sponsor, the Lead Manager or the Underwriter:
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the warranties or undertakings or any other obligations imposed on any party to the Underwriting Agreement (other than those undertaken by the Sponsor, the Lead Manager and/or the Underwriter) which, in any such cases, is considered, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter), to be material in the context of the Share Offer; or

UNDERWRITING

- (ii) any statement contained in this prospectus or the Application Forms relating thereto or the documents for the Share Offer was when such document was issued, or has become or been discovered to be, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter), untrue, incorrect or misleading in any material respect; or
- (iii) any event, series of events, matter or circumstance occurring or arising on or after the date of the Underwriting Agreement and before the Termination Time, being such event, matter or circumstance which, if it had occurred before the date of the Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Underwriting Agreement untrue, incorrect or misleading in any material respect, and which has come to the knowledge of any of the Sponsor, the Lead Manager or the Underwriter or otherwise, and which is considered, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter), to be material in the context of the Share Offer; or
- (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter), a material omission in the context of the Share Offer; or
- (v) any event, act or omission which gives or is likely to give rise to any material liability of the Company or any of our executive Directors and our Controlling Shareholders arising out of or in connection with any representations, warranties or undertakings contained in the Underwriting Agreement; or
- (vi) any breach by any party to the Underwriting Agreement (other than the Sponsor, the Lead Manager or the Underwriter) of any provision of the Underwriting Agreement which, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter), is material; or
- (vii) any of the representations, warranties and undertaking contained in the Underwriting Agreement is untrue or inaccurate in any respect which the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter) in its sole and absolute opinion consider to be material in the context of the Share Offer; or
- (viii) any of the obligations of undertakings expressed to be assumed by or imposed on any of the Company, the executive Directors, or our Controlling Shareholders under the Underwriting Agreement has not been complied with or observed by any of them in any respect considered by the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter) in its sole and absolute opinion to be material; or
- (ix) any information, matter or event which in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sponsor and the other Underwriter) may lead to a material adverse change or prospective material adverse change in the business or in the financial or trading position or prospects of our Group taken as a whole, or

UNDERWRITING

- (b) there shall have developed, occurred, existed or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations of any nature whatsoever or any change in the interpretation or application thereof by any court or other competent authority in the Cayman Islands, BVI, Singapore, Hong Kong or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of our Group; or
 - (ii) any change (whether or not forming part of a series of changes occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs resulting or likely to result in any change) in the Cayman Islands, BVI, the PRC, Singapore, Hong Kong or any of the jurisdictions relevant to the business of our Group, the local, regional, national, or international financial, currency, political, military, industrial, fiscal, economic, stock market or other market conditions or prospects; or
 - (iii) any change in the conditions of Hong Kong, Singapore, the PRC, the U.S. or international equity, securities, commodities or other financial markets (or in conditions affecting a sector only of such market) including, for the avoidance of doubt, any significant adverse change in the index level or volume of turnover of any such markets; or
 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (v) a change or development involving a change or prospective change in all or any forms of taxation or exchange control (or the implementation of any exchange control) in the Cayman Islands, BVI, Singapore, Hong Kong or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdictions relevant to the business of our Group; or
 - (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
 - (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the U.S. or by the European Union (or any member thereof) on Singapore or Hong Kong; or
 - (viii) a general moratorium on commercial banking activities in Singapore or Hong Kong declared by the relevant authorities; or

UNDERWRITING

- (ix) any event, or series of events, of force majeure beyond the reasonable control of any of the parties to the Underwriting Agreement, including, without limitation to the generality thereof, acts of government, military action, strikes, lock-outs, fire, explosion, flood, tsunami, earthquake, civil commotion, acts of war, acts of God, acts of terrorism, accident, interruption or delay in transportation, economic sanctions, public disorder, riot, epidemic or pandemic; or
- (x) any litigation or claim brought by any third party against any member of the Group which will or is likely to result in the Group incurring material liability that has an adverse effect on the Group as a whole; or
- (xi) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (xii) any other change whether or not ejusdem generis with any of the foregoing,

which, in each case, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter):

- (1) is or will be or is likely to be materially adverse to the business, financial or other condition or prospects of the Group (taken as a whole) or to any present or prospective shareholder of the Company in his capacity as such; or
- (2) has or will have or is likely to have a material adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted or the distribution of the Offer Shares or the demand or the market price of our Shares following the Listing; or
- (3) for any reason whatsoever makes it impracticable, inadvisable or inexpedient for the Underwriter to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by the documents for the Share Offer as a whole.

For the purposes of the foregoing paragraphs containing the grounds for termination,

- (1) a material change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or any material change of the value of Singapore, Hong Kong or PRC currency (whether of an appreciative or depreciative nature) against any foreign currencies whether under such system or otherwise shall be taken as an event resulting in a change in currency conditions; and
- (2) any market fluctuations, whether or not within the normal range therefor, may be considered a change of market conditions.

UNDERWRITING

Undertakings

1. The Company has unconditionally and irrevocably undertaken to the Sponsor, the Lead Manager and the Underwriter that, and each of the Controlling Shareholders and the executive Directors has also unconditionally and irrevocably undertaken to the Sponsor, the Lead Manager and the Underwriter to procure that, without the prior written consent of the Lead Manager (for itself and on behalf of the Sponsor and the Underwriter) (such consent not to be unreasonably withheld or delayed), and subject always to the requirements of the Stock Exchange and compliance with the Listing Rules, save for the Share Offer (including the Offer Size Adjustment Option), the Shares to be issued pursuant to the Capitalisation Issue, the grant of any options under the Share Option Scheme and any Shares which may fall to be issued pursuant to the exercise of the Offer Size Adjustment Option and/or any option which may be granted under the Share Option Scheme or otherwise by way of scrip dividend schemes or similar arrangement or any capitalisation issue, consolidation, sub-division or capital reduction of Shares in accordance with the articles of association of the Company, neither the Company nor any of its subsidiaries shall (i) offer, allot or issue or agree to offer, allot or issue any shares in the Company or any subsidiary of the Company or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise acquire any securities of the Company or any subsidiary of the Company at any time from the date of this prospectus up to and including the date falling six months from the Listing Date (“**First Six-Month Period**”); (ii) allot and issue or agree to allot and issue of any Share or securities convertible into or exchangeable for equity securities in the Company or enter into any swap, derivatives or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of any such Shares or securities during the six-month period commencing on the expiry date of the First Six-Month Period (“**Second Six-Month Period**”) so as to result in our Controlling Shareholders ceasing to be the controlling shareholder (as defined in the Listing Rules) of the Company; or (iii) during the First Six-Month Period, purchase any Shares or securities of the Company.
2. Each of the Controlling Shareholders has undertaken jointly and severally to the Company, the Sponsor, the Lead Manager and the Underwriter that:
 - (a) it shall not and shall procure that the relevant registered holder(s) of the Shares (if applicable) shall not dispose of nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, all or any of its direct and indirect interest in the Shares in respect of which it is shown in this prospectus to be the beneficial owner(s) (the “**Relevant Securities**”) (save for pursuant to a pledge or charge as security for a bona fide commercial loan in which case it shall inform the Company, the Lead Manager and the Sponsor) during the First Six-Month Period; and
 - (b) it shall not and shall procure that the relevant registered holder(s) of the Shares (if applicable) shall not during the Second Six-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any option, right, interest or encumbrance in respect of, any of its or his direct and indirect interest in the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (within the

UNDERWRITING

meaning of the Listing Rules) of the Company (save for pursuant to a pledge or charge as security for a bona fide commercial loan in which case he shall inform the Company, the Lead Manager and the Sponsor).

3. Each of the Controlling Shareholders has jointly and severally undertaken to the Company, the Sponsor, the Lead Manager and the Underwriter that, within the period of 12 months from the Listing Date, it will:
 - (a) when it pledges/charges any securities or interests in the Shares and securities of the Company beneficially owned by it whether directly or indirectly, immediately inform the Company in writing of such pledges or charges together with the number of Shares so pledged or charged; and
 - (b) when he receives indications, either verbal or written, from the pledgee or chargee that any of the pledged/charged securities or interests in the securities of the Company will be disposed of, immediately inform the Company in writing of such indications. The Company has undertaken to the Sponsor, the Lead Manager (for itself and on behalf of the Underwriter) it shall inform the Company and the Stock Exchange in writing as soon as it has been informed of any event referred to in paragraph 3(a) above or this paragraph 3(b) by any of the Controlling Shareholders and disclose such event by way of an announcement as soon as possible in accordance with the requirements of the Listing Rules.

Total commission, fee and expenses

In connection with the Share Offer, the Underwriter will receive an underwriting commission of 2.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any subunderwriting commissions and selling concessions. In connection with the Share Offer, the Sponsor will receive a financial advisory (sponsorship) and documentation fee. Assuming the Offer Size Adjustment Option is not exercised at all and based on an Offer Price of HK\$1.00, the underwriting commission, financial advisory and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and professional fees together with printing and advertising costs, and other expenses relating to the Share Offer are estimated to amount to about HK\$11.9 million in total. The Company has agreed to indemnify the Underwriter for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements, and any breach by the Company of the Underwriting Agreements.

Sponsor's independence

The Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

Underwriter's interests in the Company

None of the Sponsor, the Lead Manager and the Underwriter is interested legally or beneficially in the shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of the Group nor any interest in the Share Offer or has any other business relationship with the Group.

STRUCTURE OF THE SHARE OFFER

PRICE PAYABLE ON APPLICATION

The Offer Price is HK\$1.00 per Offer Share. You must pay the Offer Price of HK\$1.00 per Share plus brokerage of 1%, a SFC transaction levy of 0.004% and a Stock Exchange trading fee of 0.005%. This means that for every 5,000 Offer Shares you will pay HK\$5,050.45. Each Application Form includes a table showing the exact amount payable for multiples of Offer Shares. Further details in this regard are set out in the section headed “How to apply for the Public Offer Shares” of this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of your application for the Offer Shares is conditional upon:

1. Listing

The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer (including Shares which may fall to be allotted and issued upon the exercise of the Offer Size Adjustment Option), the Loan Capitalisation and the Capitalisation Issue and any Shares which may fall to be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme, and such listing and permission not subsequently being revoked prior to the Listing Date.

2. Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement becoming unconditional (including, among other things, if applicable, as a result of the waiver of any conditions given by the Lead Manager (for itself and on behalf of the Underwriter)), and not being terminated in accordance with its terms or otherwise. Details of the Underwriting Agreement and its conditions and grounds for termination are set out in the section headed “Underwriting” in this prospectus.

OFFER MECHANISM

This prospectus is published in connection with the Share Offer, which comprises the Placing and the Public Offer. Initially, 45,000,000 new Shares, representing 90% of the Offer Shares available under the Share Offer, are to be offered pursuant to the Placing to professional, institutional and/or other investors and 5,000,000 new Shares, representing 10% of the Offer Shares available under the Share Offer, are to be offered to the public in Hong Kong under the Public Offer. The number of Offer Shares to be offered under the Public Offer and the Placing is subject to reallocation, and, in the case of Placing only, the Offer Size Adjustment Option as mentioned below. References herein to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

The Offer Shares will represent 25% of the Company’s enlarged issued share capital immediately after completion of the Share Offer, without taking into account the exercise of the Offer Size Adjustment Option. If the Offer Size Adjustment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged issued share capital immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

STRUCTURE OF THE SHARE OFFER

The Placing is fully underwritten by the Placing Underwriter and the Public Offer is fully underwritten by the Public Offer Underwriter, in each case, on a several basis. Information relating to the underwriting arrangements in respect of the Share Offer is set out in the paragraph headed “Underwriting arrangements and expenses” in the section headed “Underwriting” in this prospectus. The Share Offer is sponsored by the Sponsor and managed by the Lead Manager.

Investors may apply for Public Offer Shares under the Public Offer or indicate an interest for Placing Shares under the Placing, but may not do both. Investors who have not received Shares in the Public Offer tranche may receive Shares in the Placing tranche.

PLACING

The Company is initially offering, subject to possible reallocation on the basis discussed below, 45,000,000 new Shares, representing 90% of the total number of Shares being offered under the Share Offer, for subscription by way of the Placing (the “Placing Shares”). Under the Placing, the Placing Underwriter, on behalf of the Company, will conditionally place the Placing Shares with professional, institutional and/or other investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares pursuant to the Placing is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Placing Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of the Company and its Shareholders as a whole. Investors allocated with the Placing Shares cannot apply for the Public Offer Shares under the Public Offer.

The Placing is conditional on the fulfillment of all the conditions stated in the paragraph headed “Conditions of the Share Offer” above.

PUBLIC OFFER

The Company is initially offering 5,000,000 new Shares at the Offer Price under the Public Offer (the “**Public Offer Shares**”), representing 10% of the total number of Shares being offered under the Public Offer for subscription in Hong Kong, subject to reallocation as mentioned in this section. The Public Offer is managed by the Lead Manager and is fully underwritten by the Public Offer Underwriter.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The Public Offer will be subject to the conditions stated in the paragraph headed “Conditions of the Share Offer” above.

Allocation of the Public Offer Shares to investors under the Share Offer will be based solely on the level of valid applications received under the Public Offer. Where there is over-subscription under

STRUCTURE OF THE SHARE OFFER

the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

OVER-SUBSCRIPTION

If the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Public Offer Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be allocated for application under the Public Offer shall be increased to 15,000,000 Shares, representing 30 per cent. of the total number of Shares available under the Share Offer.

If the number of Public Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Public Offer Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be allocated for subscription under the Public Offer shall be increased to 20,000,000 Shares, representing 40 per cent. of the total number of Shares available under the Share Offer.

If the number of Public Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Public Offer Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be allocated for application under the Public Offer shall be increased to 25,000,000 Shares, representing 50 per cent. of the total number of Shares available under the Share Offer.

Allocation of Public Offer Shares to applicants under the Public Offer will be based solely on the level of valid applications received. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by each applicant, but will otherwise be made on a strictly pro rata basis. However, this may involve balloting, which would mean that some applicants may be allotted more Shares than others who have applied for the same number of Public Offer Shares and that applicants who are not successful in the ballot may not receive any Share Offer Shares.

ADJUSTMENT OPTIONS

In connection with the Placing, the Company has granted the Offer Size Adjustment Option to the Placing Underwriter. The Lead Manager (for itself and on behalf of the Sponsor and the Placing Underwriter) can exercise the Offer Size Adjustment Option as set out below.

Offer Size Adjustment Option

The Offer Size Adjustment Option can only be exercised prior to the Listing Date, otherwise it will lapse. The Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option would not be used for any other purpose than settlement of over-allocations in the Placing. The Offer Size Adjustment Option will not be used for price stabilisation purposes and is not subject to Securities and Futures (Price Stabilising) Rules.

STRUCTURE OF THE SHARE OFFER

Pursuant to the Offer Size Adjustment Option, the Lead Manager will have the right to require the Company to allot and issue up to an aggregate of 7,500,000 additional new Shares, representing in aggregate 15% of the Offer Shares initially available under the Share Offer. These Shares will be sold or issued at the Offer Price. Whether or not the Offer Size Adjustment Option is exercised, or if exercised, in full or in part, we will include the detailed information in the results announcement of the Share Offer to be made on Friday, 16 July 2010.

If the Offer Size Adjustment Option is exercised in full, the Shares comprising the Share Offer will represent approximately 27.7% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

METHODS OF APPLYING FOR THE PUBLIC OFFER SHARES

You may apply for the Public Offer Shares by either:

- using a **WHITE** or **YELLOW** Application Form;
- giving **electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf.

WHICH APPLICATION FORM TO USE

Use a **WHITE** Application Form if you want the Public Offer Shares to be issued in your own name.

Use a **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS if you want the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant maintained in CCASS.

Note: The Public Offer Shares are not available to the directors or chief executive of the Company or any of its subsidiaries, the existing beneficial owners of the Shares or shares in any of its subsidiaries, a connected person (as defined in the Listing Rules) or persons who will become connected persons of the Company upon completion of the Share Offer or any of their respective associates, save for the circumstances permitted by the Listing Rules as such other persons referred to in the Application Forms under the paragraph headed “Who can apply”.

WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying is an individual, and:

- are 18 years of age or above;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S of the U.S. Securities Act);
- are outside the US; and
- are a legal or natural person of the PRC who is a qualified domestic institutional investor.

If the applicant is a firm, the application must be in the names of the individual members, not the firm’s name. If the applicant is a body corporate, the Application Form must be signed by a duly authorised officer, who must state his or her representative capacity.

The number of joint applicants may not exceed four.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

WHERE TO OBTAIN THIS PROSPECTUS AND THE APPLICATION FORMS

Copies of this prospectus, together with the **WHITE** Application Forms, may be obtained during the normal business hours from 9:00 a.m. on Wednesday, 30 June 2010 until 12:00 noon on Friday, 9 July 2010 from:

- (1) the Public Offer Underwriter:

Get Nice Securities Limited
10th Floor, COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

- (2) any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	Branch Name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central, Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
	North Point Centre Branch	North Point Centre, 284 King's Road, North Point
Kowloon	Kwun Tong Branch	1A Yue Man Square, Kwun Tong
	Yaumatei Branch	G/F - 1/F, Ming Fong Bldg., 564 Nathan Road, Yaumatei
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Tai Po Branch	23 & 25 Kwong Fuk Road, Tai Po Market, Tai Po

The **YELLOW** Application Forms, together with copies of this prospectus, may be obtained during the normal business hours from 9:00 a.m. on Wednesday, 30 June 2010 to 12:00 noon on Friday, 9 July 2010 from the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong, or your stockbroker who may have the **YELLOW** Application Forms and this prospectus available.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

HOW TO COMPLETE THE APPLICATION FORMS

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow these instructions, your application may be rejected and returned to you (or the first-named applicant in case of joint applicants) by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) at your own risk at the address stated in the relevant Application Form.

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

- **If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant)**
 - the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.
- **If you are applying as an individual CCASS Investor Participant**
 - the form must contain your name and Hong Kong identity card number; and
 - your participant I.D. must be inserted in the appropriate box.
- **If you are applying as a joint individual CCASS Investor Participant**
 - the form must contain all joint CCASS Investor Participants' names and Hong Kong identity card numbers of all joint CCASS Investor Participants; and
 - your participant I.D. must be inserted in the appropriate box.
- **If you are applying as a corporate CCASS Investor Participant**
 - the form must contain your company name and Hong Kong business registration number; and
 - your participant I.D. and your company chop (bearing your company name) must be inserted in the appropriate box.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If your application is made by a person duly authorised under a valid power of attorney, the Lead Manager (as agent of the Company, for itself and on behalf of the Public Offer Underwriter) or its agents or nominees, if any, may accept the application at its discretion, and subject to any conditions it thinks fit, including production of evidence of the authority of your attorney.

APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

Investors can apply for Public Offer Shares by giving electronic application instructions to HKSCC as follows:

If you are a CCASS Investor Participant, you may give **electronic application instructions** to HKSCC through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you on your behalf if you are a CCASS Investor Participant if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form. Prospectuses are available for collection from the above address.

Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give **electronic application instructions** to HKSCC via CCASS terminals to apply for Public Offer Shares on their behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to the Company and to the Hong Kong branch share registrar.

You may give **electronic application instructions** in respect of a minimum of 5,000 Public Offer Shares. Each **electronic application instruction** in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC via CCASS or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things and neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the Offer Price, the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005% in respect of the Public Offer Shares applied for by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application, refund the application monies or the appropriate portion thereof, as the case may be, in each case including the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005%, by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple applications

If you are suspected of having made multiple applications or if more than one application (including the part of the application made by HKSCC Nominees acting on electronic application instruction) is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Minimum subscription amount and permitted multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 5,000 Public Offer Shares. Such instruction in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

HOW MANY APPLICATIONS MAY YOU MAKE FOR THE PUBLIC OFFER SHARES

If you are a nominee, you may apply by way of giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Participant) and lodge more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form(s) marked “For nominees”, you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being for your own benefit.

Otherwise, multiple applications are not allowed.

All of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly with other(s)) on a **WHITE** and/or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS;
- both apply (whether individually or jointly with other(s)) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** Application Form or **YELLOW** Application Form and by way of giving **electronic application instructions** to HKSCC via CCASS;
- apply (whether individually or jointly with other(s)) on one **WHITE** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC via CCASS for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer;
- have applied for or taken up, or indicated an interest in applying for or taking up, or have been or will be placed (including conditionally and/or provisionally) any Placing Shares under the Placing; or
- receive any Placing Shares under the Placing.

All of your applications will also be rejected as multiple applications if more than one application (including the part of the application made by HKSCC Nominees acting on electronic application instruction) is made for your own benefit or for the benefit of any of your joint applicant(s). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- you exercise statutory control over that company,

then that application will be treated as being for your own benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE PUBLIC OFFER SHARES

Applicants under the Public Offer should pay, on application, the Offer Price of HK\$1.00 per Public Offer Share plus 1% brokerage, 0.004% transaction levy imposed by the SFC and 0.005% trading fee imposed by the Stock Exchange amounting to a total of HK\$5,050.45 for every board lot of 5,000 Public Offer Shares. The Application Forms have tables showing the exact amount payable for certain numbers of the Public Offer Shares up to 5,000,000 Public Offer Shares.

You must pay the Offer Price, brokerage fee, the transaction levy imposed by the SFC and the trading fee imposed by the Stock Exchange in full when you apply for the Public Offer Shares. Your payment must be made by one cheque or one banker's cashier order and must comply with the terms of the Application Forms. Your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Friday, 9 July 2010. Details of the procedures for refund are contained in the paragraph headed "Collection/posting of Share certificates/refund cheques and deposit of Share certificates into CCASS" below.

If your application is successful, brokerage is paid to the participants of the Stock Exchange, the transaction levy is paid to the SFC and the Stock Exchange trading fee is paid to the Stock Exchange.

WHEN TO APPLY FOR THE PUBLIC OFFER SHARES

Application on WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment in Hong Kong dollars for the full amount payable on application attached and made payable to "Horsford Nominees Limited – Manta Holdings Public Offer" and crossed "Account Payee Only", must be lodged by 12:00 noon on Friday, 9 July 2010, or, if the application lists of the Share Offer are not open on that day, then by 12:00 noon on the next day when the lists are open.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Your completed Application Form, with payment in Hong Kong dollars for the full amount payable on application attached and made payable to “Horsford Nominees Limited — Manta Holdings Public Offer” and crossed “Account Payee Only”, should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited as stated under the paragraph headed “Where to obtain this prospectus and the Application Forms” above at the following times on the following dates:

Wednesday, 30 June 2010 — 9:00 a.m. to 5:00 p.m.
Friday, 2 July 2010 — 9:00 a.m. to 5:00 p.m.
Saturday, 3 July 2010 — 9:00 a.m. to 1:00 p.m.
Monday, 5 July 2010 — 9:00 a.m. to 5:00 p.m.
Tuesday, 6 July 2010 — 9:00 a.m. to 5:00 p.m.
Wednesday, 7 July 2010 — 9:00 a.m. to 5:00 p.m.
Thursday 8 July 2010 — 9:00 a.m. to 5:00 p.m.
Friday, 9 July 2010 — 9:00 a.m. to 12:00 noon

The application lists of the Public Offer will open from 11:45 a.m. to 12:00 noon on Friday, 9 July 2010 except as provided in the paragraph headed “Effect of bad weather on the opening of the application lists of the Share Offer” below.

The applications for the Public Offer Shares will not be processed and no allocation of any such Public Offer Shares will be made until the closing of the application lists.

Application by Giving Electronic Application Instructions to HKSCC

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 30 June 2010 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 2 July 2010 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, 3 July 2010 — 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, 5 July 2010 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 6 July 2010 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 7 July 2010 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday 8 July 2010 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 9 July 2010 — 8:00 a.m.⁽¹⁾ to 12:00 noon

(1) These times are subject to changes as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 30 June 2010 until 12:00 noon on Friday, 9 July 2010 (24 hours daily, except the last application day).

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 9 July 2010 or such later time as described under the section headed "How to apply for the Public Offer Shares" in this prospectus.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS OF THE SHARE OFFER

The application lists of the Public Offer will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal,

in force at any time between 9:00 a.m. and 12:00 noon on Friday, 9 July 2010 in Hong Kong. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. For this purpose, "business day" means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists of the Share Offer do not open and close on Friday, 9 July 2010, the dates mentioned in the section headed "Expected timetable" of this prospectus and the Application Forms and other dates mentioned in this prospectus (including, without limitation, the latest time for the exercise of termination rights under the Underwriting Agreement) may be affected. A press announcement will be made in such event in South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese).

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance.

Personal Data

The section headed "Personal Data" in the Application Form applies to any personal data held by the Company and the Hong Kong branch share registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS is only a facility provided to the CCASS Participants. The Company, the Directors, the Sponsor and the Underwriter take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

EFFECT OF MAKING AN APPLICATION

- (a) By making an application for the Public Offer Shares, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee shall be deemed to have:
- **instructed** and **authorised** the Company and/or the Lead Manager (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name(s) (for **WHITE** Application Form), or HKSCC Nominees (for **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS), as the case may be, as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;
 - **authorised** the Company to place your name(s) (for **WHITE** Application Form) or the name of HKSCC Nominees (for **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS), as the case may be, on the register of members of the Company as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) (where applicable) to you or, in case of joint applicants, the first-named applicant in your Application Form by ordinary post at your own risk to the address stated on your Application Form (except that if you have applied for 1,000,000 Public Offer Shares or more and have indicated on your Application Form that you will collect your share certificate(s) and refund cheque(s) (where applicable) in person, you can collect your share certificate(s) and/or refund cheque(s) (where applicable) in person between 9:00 a.m. and 1:00 p.m. on Friday, 16 July 2010 from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong);
 - **undertaken** to sign all documents and to do all things necessary to enable you (for **WHITE** Application Form) or HKSCC Nominees (for **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS), as the case may be, to be registered as the holder of the Public Offer Shares allocated to you, and as required by the Articles of Association;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **represented, warranted and undertaken** that you, and the persons for whose benefit you are applying, are not restricted by any applicable laws of Hong Kong or elsewhere from making your application, paying any application monies for, or being allotted or taking up any Public Offer Shares; and you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you, and the persons for whose benefit you are applying, are not a U.S. person (within the meaning of Regulation S under the U.S. Securities Act) or a person to or by whom the allotment of or application for the Share Offer Shares is made would require the Company, the Sponsor and/or the Underwriter to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong;
- **confirmed** that you have received a copy of this prospectus and have only relied on the information and representations in this prospectus and the Application Form in making your application and that you will not rely on any other information and representations save as set forth in any supplement to this prospectus;
- **agreed** that the Company, the Sponsor, the Lead Manager, the Public Offer Underwriter, any other parties involved in the Share Offer, and their respective directors, officers, employees, partners, agents and advisers are liable only for the information and representations contained in this prospectus, the Application Forms and any supplement to this prospectus;
- **agreed** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not revoke or rescind it because of an innocent misrepresentation or other than as provided in this prospectus;
- (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;
- (if the application is made for your own benefit) **warranted** that it is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC via CCASS;
- (if you are an agent for another person) **warranted** that reasonable enquiries have been made of that other person that it is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC via CCASS, and that you are duly authorised to sign the Application Form as that other person's agent;
- **agreed** that your application, any acceptance of it and the resulting contract shall be governed by and construed in accordance with the laws of Hong Kong;
- **agreed** that once your application is accepted, your application will be evidenced by the results of the Public Offer made available by the Company;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **undertaken** and **confirmed** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Placing Shares in the Placing, nor otherwise participate in the Placing;
 - **warranted** the truth and accuracy of the information contained in your application;
 - **agreed** to disclose to the Company, its Hong Kong branch share registrar, the receiving bankers, the Sponsor, the Lead Manager, the Public Offer Underwriter and their respective advisers, agents or nominees personal data and any information which they require about you or the person(s) for whose benefit you have made the application;
 - **agreed** with the Company, for itself and on behalf of each Shareholder, to observe and comply with the Companies Ordinance, the Companies Law and the Articles of Association;
 - **confirmed** that you have read the terms and conditions and the application procedures set out in the Application Forms and this prospectus and agree to be bound by them;
 - **confirmed** that you are aware of the restrictions on offering of the Offer Shares described in this prospectus;
 - **agreed** and **undertaken** to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
 - **agreed** with the Company and each Shareholder that the Shares are freely transferable by the holders thereof;
 - if the laws of any place outside Hong Kong are applicable to your application, **agreed** and **warranted** that you have complied with all such laws and none of the Company, the Sponsor, the Lead Manager, the Public Offer Underwriter and the other parties involved in the Public Offer nor any of their respective directors, employees, partners, agents, officers and advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Forms; and
 - **understood** that the above declaration and representations will be relied upon by the Company and the Lead Manager and their respective agents or nominees in deciding whether or not to allocate any Public Offer Shares in response to your application and that you may be prosecuted for making any false declaration.
- (b) If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to (a) above, you (and if you are joint applicants, each of you jointly and severally) shall be deemed to have:
- **agreed** that any Public Offer Shares to be allotted to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant's stock account or the stock account of your designated CCASS Participant in accordance with your election on the Application Form;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **agreed** that each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of the Public Offer Shares allotted to you to be registered in the name of HKSCC Nominees or not to accept such Public Offer Shares for deposit into CCASS; (2) to cause such Public Offer Shares to be withdrawn from CCASS and transferred into your name (or if you are joint applicants, to the name of the first-named applicant) at your own risk and costs; (3) to cause such Public Offer Shares to be registered in your name (or if you are joint applicants, to the name of the first-named applicant) and in such a case, to post the certificate(s) for such Public Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;
 - **agreed** that each of HKSCC and HKSCC Nominees may adjust the number of Public Offer Shares issued in the name of HKSCC Nominees;
 - **agreed** that neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
 - **agreed** that neither HKSCC nor HKSCC Nominees shall be liable to you in any way.
- (c) In addition, by giving **electronic application instructions** to HKSCC via CCASS or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following additional things and neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of such things:
- **instructed** and **authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
 - **instructed** and **authorised** HKSCC to arrange payment of the Offer Price, the brokerage fee of 1%, the SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005% in respect of the Share Offer Shares applied for by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications, refund the application monies by crediting your designated bank account;
 - where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for Public Offer Shares, HKSCC Nominees are only acting as nominees for the applicants and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
 - **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which is stated to do on your behalf in the **WHITE** Application Form;
 - (in addition to the confirmations and agreements set out in paragraph (a) above) **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf the following:

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **agree** that the Public Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of the CCASS Participant who has input **electronic application instructions** on your behalf;
- **undertake and agree** to accept the Public Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;
- **undertake and confirm** that you have not applied for or taken up any Placing Shares under the Placing nor otherwise participated in the Placing;
- (if the **electronic application instructions** are given for your own benefit) declare that only one set of **electronic application instructions** has been given for your benefit; and
- (if you are an agent for another person) **declare** that you have given only one set of **electronic application instructions** for the benefit of that other person, and that you are duly authorised to give those instructions as that other person's agent;
- **understood** that the declaration and representations made by you will be relied upon by the Company and the Lead Manager and their respective agents or nominees in deciding whether or not to make any allocation of the Public Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;
- **authorised** the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the Public Offer Shares allocated in respect of your **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with arrangements separately agreed between the Company and HKSCC;
- **confirmed** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them and are aware of the restrictions on the Public Offer described in this prospectus;
- **confirmed** that you have only relied on the information and representations in this prospectus in giving your **electronic application instructions** or instructing your CCASS Clearing Participant or CCASS Custodian Participant to give **electronic application instructions** on your behalf;
- **agreed** that the Company, the Sponsor, the Underwriter and their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer (to the extent relevant or applicable) are liable only for the information and representations contained in this prospectus and any supplement thereto;
- **agreed** (without prejudice to any other rights which you may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **agreed** to disclose your personal data to the Sponsor, the Company, the Hong Kong branch share registrar, the receiving banker(s) and the Public Offer Underwriter, and their respective directors, officers, employees, agents and advisers together with any information about you which they may require or the person(s) for whose benefit you have made the application;
- **agreed** that any application made by HKSCC Nominees on your behalf, pursuant to **electronic application instructions** given by you is irrevocable on or before the fifth day after 9 July 2010 or such other date as the application lists may close. Such agreement to take effect as a collateral contract with the Company and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person until after the expiration of the fifth day after the opening of the application lists, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day (including Saturday)) if a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- **agreed** that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked and that acceptance of that application will be evidenced by the announcement of the results of the Share Offer published by the Company;
- **agreed** to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC and the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to the Public Offer Shares; and
- **agreed** with the Company (for itself and for the benefit of each of the Shareholders (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**)) to observe and comply with the Companies Law and the Articles of Association.

The Company, the Sponsor, the Public Offer Underwriter, and their respective directors, officers, employees, agents, advisers and any other parties involved in the Public Offer are entitled to rely on any warranty, representation or declaration made by you in your application. In respect of any joint application, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally. You may be prosecuted if you make a false declaration.

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CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allocated the Public Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note in particular the following situations in which the Public Offer Shares will not be allocated to you or your application is liable to be rejected:

- **If your application is revoked**

By completing and submitting the **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS, you agree that your application may not be revoked on or before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) of the Public Offer, unless a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) issues a public announcement under that section which excludes or limits the responsibility of that person for this prospectus before the end of the said fifth day. This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or give electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration for the Company agreeing that it will not offer any Public Offer Shares to any person before the end of the fifth day after the time of the opening of the application lists except by means of one of the procedures referred to in this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicants have not been so notified, or if applicants have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above and below, an application once made is irrevocable and all applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked or withdrawn. For this purpose, acceptance of applications will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **If the allotment of Public Offer Shares is void**

Any allotment of Public Offer Shares to you or to HKSCC Nominees (if you apply by a **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

CCASS) will be void if the Listing Committee does not grant the permission of the listing of the Shares on the Stock Exchange either:

- within 3 weeks from the closing date of the application lists of the Share Offer; or
- within a longer period of up to 6 weeks if the Listing Committee notifies the Company of that longer period within 3 weeks of the closing date of the application lists of the Share Offer.

- **Full discretion to reject or accept your application**

The Sponsor and the Lead Manager (as agent of the Company, for itself and on behalf of the Public Offer Underwriter) or their respective agents or nominees, if any, have full discretion to reject or accept any application, or to accept only part of any application without having to give any reason for any rejection or acceptance.

- **If your application is rejected**

You will not receive any allocation if:

- you make multiple applications or suspected multiple applications;
- your payment is not made correctly;
- your Application Form is not completed correctly or fully completed in accordance with the instructions as stated in the Application Form;
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation;
- you or the person for whose benefit you are applying have applied for and/or received or will receive Placing Shares under the Placing;
- your application is for more than 5,000,000 Public Offer Shares initially available for subscription under the Public Offer; or
- the Company and/or the Lead Manager (for itself and on behalf of the Underwriter) or their respective agents or nominees as the agent of the Company believe that by accepting your application, they would violate the applicable securities laws or other laws, rules or regulations of the jurisdiction in which your application is received or your address is located.

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- **Your application is not accepted**

Your application will not be accepted if:

- the Underwriting Agreement does not become unconditional in accordance with its terms and conditions; or
- the Underwriting Agreement is terminated in accordance with its terms and conditions.

- **Refund of your monies**

If you do not receive any Public Offer Shares for any reason, the Company will refund all your application monies, including brokerage, SFC transaction levy and Stock Exchange trading fee to you without interest. If your application is accepted only in part, the Company will refund the appropriate portion of your application monies, brokerage, SFC transaction levy and Stock Exchange trading fee to you, without interest. All such interest will be retained for the benefit of the Company.

All refunds (other than any return of uncleared cheques for rejected applications or any refund for applications made by giving **electronic application instructions** to HKSCC via CCASS) will be made by a cheque crossed “Account Payee Only”, and made payable to you, or, if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you on the Application Form may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque. If your application has been rejected and the cheque has not been presented for clearance, the cheque will be returned to the address on your Application Form by ordinary post at your own risk.

PUBLICATION OF RESULTS

The Company expects to announce the level of indications of interest in the Placing, the level of applications and the basis of allotment of the Public Offer Shares on or before Friday, 16 July 2010 in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the Company’s website at www.mantagroup.com.hk and the website of the Stock Exchange at www.hkex.com.hk.

Results of allocation in the Share Offer, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of Public Offer Shares successfully applied for under **WHITE** Application Forms, or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS will be made available at the times and dates and in the manner specified below:

- on the Company’s website at www.mantagroup.com.hk and the website of the Stock Exchange at www.hkex.com.hk from 9:00 a.m., Friday, 16 July 2010 onward;

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- results of allocation will be available from the Share Offer website at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Friday, 16 July 2010 to 12:00 midnight on Friday, 23 July 2010. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- results of allocations will be available from the Share Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 16 July 2010 to Wednesday, 21 July 2010; and
- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and subbranches from Friday, 16 July 2010 to Tuesday, 20 July 2010 at all the receiving bank branches and sub-branches and the Underwriter at the addresses set out in the paragraph headed “Where to obtain this prospectus and the Application Forms” in this section above.

COLLECTION/POSTING OF SHARE CERTIFICATES/REFUND CHEQUES AND DEPOSIT OF SHARE CERTIFICATES INTO CCASS

The Company will not issue temporary documents of title. No receipt will be issued for any application monies received.

If you apply using a WHITE Application Form:

Applicants will receive one Share certificate for all the Public Offer Shares allocated.

If you have applied for 1,000,000 Public Offer Shares or above and have indicated on your **WHITE** Application Form that you wish to collect your Share certificate and/or refund cheque, you may collect it/them in person from:

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen’s Road East
Hong Kong

between 9:00 a.m. and 1:00 p.m. on the date to be notified by the Company in the designated newspapers as at the date of despatch/collection of Share certificates and refund cheques. This is expected to be on Friday, 16 July 2010. The Share certificates will only become evidence of title to the Offer Shares with effect from 8:00 a.m. on the Listing Date provided that (i) the Share Offer becomes unconditional in all respects; and (ii) the right of termination as described in the paragraph headed “Grounds for termination” in the section headed “Underwriting” in this prospectus has not been exercised and has lapsed.

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If you are an individual who opts for personal collection, you must not authorise any other person to make the collection on your behalf. If you are a corporation which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from the corporation stamped with the corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity and/or authorisation documents acceptable and satisfactory to the Hong Kong branch share registrar.

If you have opted for collection in person but do not collect your Share certificate and/or refund cheque in person within the time specified for collection, it/they will be sent to the address on your Application Form by ordinary post at your own risk.

If you have applied for 1,000,000 Public Offer Shares or above but have not indicated on your **WHITE** Application Form that you wish to collect your Share certificate(s) and/or refund cheque in person, or if you have applied for less than 1,000,000 Public Offer Shares, then your certificate(s) and/or refund cheque (without interest) will be sent to the address on your Application Form on the date of despatch of the Share certificates and/or refund cheques by ordinary post at your own risk.

If you apply using a YELLOW Application Form or by giving electronic application instructions to HKSCC:

If you have applied for 1,000,000 Public Offer Shares or above and you have indicated on your **YELLOW** Application Form that you wish to collect your refund cheque in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Public Offer Shares or above but have not indicated on your **YELLOW** Application Form that you wish to collect your refund cheque in person, or if you have applied for less than 1,000,000 Public Offer Shares, your refund cheque will be sent to the address on your Application Form on the date of despatch of the refund cheques by ordinary post and at your own risk.

If you apply for Public Offer Shares using a **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant giving electronic application instructions on your behalf or as instructed by you in your Application Form at the close of business on Friday, 16 July 2010, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees. If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant and for the Public Offer Shares credited to the stock account of your designated CCASS Participants (other than CCASS Investor Participant). If you are applying as a CCASS Investor Participant, you should check the announcement we publish for CCASS Investor Participants, you can also check the application result via the CCASS Phone System and CCASS Internet System on Friday, 16 July 2010 and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 16 July 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from

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time to time). HKSCC will also make available to you an activity statement showing the number of Offer Shares credited to your stock account and (if you are applying by giving **electronic application instructions** to HKSCC) the amount of refund money credited to your designated bank account (if any).

If your application is wholly or partially unsuccessful, the Company will refund in whole or in part (as applicable) your application monies, including relevant brokerage fee, the SFC transaction levy and the Stock Exchange trading fee to you without interest. For applicants using **WHITE** or **YELLOW** Application Forms, all refunds will be made by a cheque crossed “Account payee only” in favour of the applicant (or, in the case of joint applicants, to the first-named applicant on your Application Form) on the terms set out under “Refund of your money” on the Application Form. If you have given electronic application instructions to HKSCC via CCASS, refunds (if any) will be credited to your CCASS Investor Participant designated bank account or the designated bank account of the designated CCASS Participant through which you are applying on Friday, 16 July 2010.

Our Company is expected to make available the results of allocation of the Share Offer, including the results of CCASS Participants’ applications (and in the case of CCASS Clearing Participants and CCASS Custodian Participants, our Company shall include information relating to the beneficial owner, if supplied) and the basis of allotment of the Public Offer in the manner described in “How to apply for the Public Offer Shares — Publication of Results” in this prospectus, on Friday, 16 July 2010. You should check the results made available by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 16 July 2010 or any other date HKSCC or HKSCC Nominees chooses.

THE SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

- If the Stock Exchange grants the listing of and permission to deal in the Shares and the stock admission requirements of HKSCC are complied with, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.
- All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.
- Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.
- All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the Company's reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong:



Member of Grant Thornton International Ltd

30 June 2010

The Directors
Manta Holdings Company Limited
Altus Capital Limited

Dear Sirs,

We set out below is our report on the financial information regarding Manta Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), including the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flow of the Group for each of the years ended 31 December 2007, 2008 and 2009 (the "Relevant Periods") and the combined statements of financial position of the Group as at 31 December 2007, 2008 and 2009 together with explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 30 June 2010 in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on 11 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. Pursuant to a group reorganisation (the "Group Reorganisation") as detailed in note 1 of section II below, the Company has become the holding company of the companies now comprising the Group. The Company has not carried on any business since the date of its incorporation save for the aforementioned Group Reorganisation.

Details of the Company's direct and indirect interests in its subsidiaries at the date of this report are set out in note 1 of section II below. All companies now comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Company, Chief Strategy Limited ("Chief Strategy") and Gold Lake Holdings Limited ("Gold Lake") since their respective dates of

incorporation as they are newly incorporated and have not been involved in any significant business transactions except for the Group Reorganisation as set out in note 1 of section II below. No audited financial statements have been prepared for Manta Engineering and Equipment (Macau) Company Limited ("MEE(M)CL") since its date of incorporation as there is no statutory audit requirement.

The statutory financial statements of Manta-Vietnam Construction Equipment Leasing Company Limited ("MVCELL") for the years ended 31 December 2007, 2008 and 2009 were prepared in accordance with Vietnamese Accounting Standards and were audited by STT Audit & Advisory Partnership, Phuong Dong ICA Auditing Co., Ltd (PCA) and PKF Vietnam Auditing Company Limited respectively.

The statutory financial statements of Manta Equipment (S) Pte Ltd ("ME(S)L"), Manta Services (S) Pte Ltd ("MS(S)L") and Manta Engineering Pte Ltd ("MEPL") were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in Singapore and were audited by Ernst & Young LLP, Public Accountants and Certified Public Accountants during the Relevant Periods.

The statutory financial statements of companies incorporated in Hong Kong now comprising the Group were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited during the Relevant Periods by the following auditors:

Name of company	Financial period	Name of the auditors
Manta Engineering and Equipment Company, Limited ("MEECL")	Year ended 31 December 2007	BDO McCabe Lo Limited, Certified Public Accountants
	Year ended 31 December 2008	RSM Nelson Wheeler, Certified Public Accountants
	Year ended 31 December 2009	Grant Thornton, Certified Public Accountants
Manta Equipment Rental Company Limited ("MERCL")	Year ended 31 December 2007	BDO McCabe Lo Limited, Certified Public Accountants
	Year ended 31 December 2008	RSM Nelson Wheeler, Certified Public Accountants
	Year ended 31 December 2009	Grant Thornton, Certified Public Accountants
Manta Equipment Services Limited ("MESL")	Year ended 31 December 2007	BDO McCabe Lo Limited, Certified Public Accountants
	Year ended 31 December 2008	RSM Nelson Wheeler, Certified Public Accountants
	Year ended 31 December 2009	Grant Thornton, Certified Public Accountants

Name of company	Financial period	Name of the auditors
Manta Professional Services Limited ("MPSL") (note)	Year ended 31 December 2007	BDO McCabe Lo Limited, Certified Public Accountants
	Year ended 31 December 2008	RSM Nelson Wheeler, Certified Public Accountants

Note: MPSL was deregistered on 13 February 2009.

Basis of preparation

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements"). The Financial Information have been prepared based on the Underlying Financial Statements, with no adjustments made thereon.

Directors' responsibility

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Periods based on our examination and to report our opinion to you.

For the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we consider necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion in respect of the Relevant Periods

In our opinion, the Financial Information set out below, for the purpose of this report and which is prepared on the basis of presentation set out in note 2 under section II below and in accordance with the accounting policies set out in note 3 of section II below, gives a true and fair view of the state of affairs of the Group as at 31 December 2007, 2008 and 2009, and of the Group's results and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Revenue	6	212,874	262,537	183,509
Cost of sales and services		<u>(152,148)</u>	<u>(186,117)</u>	<u>(92,720)</u>
Gross profit		60,726	76,420	90,789
Other income	7	3,456	4,407	2,288
Selling and distribution expenses		(5,079)	(3,991)	(2,085)
Administrative expenses		(21,094)	(25,353)	(26,200)
Other operating expenses		(20,985)	(21,443)	(21,360)
Finance costs	8	<u>(7,180)</u>	<u>(8,652)</u>	<u>(6,527)</u>
Profit before income tax	9	9,844	21,388	36,905
Income tax credit/(expense)	10	<u>4,019</u>	<u>(1,127)</u>	<u>(8,414)</u>
Profit for the year		<u>13,863</u>	<u>20,261</u>	<u>28,491</u>
Other comprehensive income				
Exchange difference arising on translation of financial statements of foreign operations		(60)	(428)	4,454
Surplus on revaluation of property held for own use		<u>—</u>	<u>—</u>	<u>1,618</u>
Other comprehensive income for the year		<u>(60)</u>	<u>(428)</u>	<u>6,072</u>
Total comprehensive income for the year		<u>13,803</u>	<u>19,833</u>	<u>34,563</u>
Profit/(loss) for the year attributable to:				
Owners of the Company		13,895	20,342	28,517
Minority interests		<u>(32)</u>	<u>(81)</u>	<u>(26)</u>
		<u>13,863</u>	<u>20,261</u>	<u>28,491</u>
Total comprehensive income attributable to:				
Owners of the Company		13,835	19,914	34,589
Minority interests		<u>(32)</u>	<u>(81)</u>	<u>(26)</u>
		<u>13,803</u>	<u>19,833</u>	<u>34,563</u>
Earnings per share for profit attributable to the owners of the Company during the year				
- Basic (HK cents)	12	<u>9.3</u>	<u>13.6</u>	<u>19.0</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	At 31 December		
		2007	2008	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	14	107,750	127,110	145,883
Available-for-sale investment	15	580	580	580
Deferred tax assets	27	<u>4,361</u>	<u>2,573</u>	<u>—</u>
		<u>112,691</u>	<u>130,263</u>	<u>146,463</u>
Current assets				
Inventories and consumables	16	44,421	55,412	36,865
Trade receivables	17	24,133	21,901	31,274
Prepayments, deposits and other receivables	18	5,141	10,068	10,128
Pledged bank deposits	19	10,568	9,596	9,838
Cash and cash equivalents	19	<u>22,483</u>	<u>19,470</u>	<u>45,970</u>
		<u>106,746</u>	<u>116,447</u>	<u>134,075</u>
Current liabilities				
Trade payables	20	50,177	69,830	31,587
Receipt in advance, accruals and other payables	21	17,465	19,064	30,132
Derivative financial instruments	22	—	—	159
Amounts due to fellow subsidiaries	23	33,902	34,518	36,768
Amount due to a related company	23	147	157	167
Amount due to ultimate holding company	23	17	17	—
Bank borrowings	24	22,193	10,114	2,100
Finance lease payables	25	14,115	16,976	27,468
Provision	26	—	767	767
Provision for tax		<u>—</u>	<u>—</u>	<u>1,087</u>
		<u>138,016</u>	<u>151,443</u>	<u>130,235</u>
Net current (liabilities)/assets		<u>(31,270)</u>	<u>(34,996)</u>	<u>3,840</u>
Total assets less current liabilities		<u>81,421</u>	<u>95,267</u>	<u>150,303</u>

	<i>Notes</i>	At 31 December		
		2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current liabilities				
Bank borrowings	24	4,180	—	6,299
Finance lease payables	25	32,498	31,313	40,851
Deferred tax liabilities	27	<u>4,879</u>	<u>4,257</u>	<u>8,893</u>
		<u>41,557</u>	<u>35,570</u>	<u>56,043</u>
Net assets		<u>39,864</u>	<u>59,697</u>	<u>94,260</u>
EQUITY				
Share capital	28	65,759	75,259	75,259
Reserves	29	<u>(27,518)</u>	<u>(17,104)</u>	<u>17,485</u>
Equity attributable to the Company's owners		38,241	58,155	92,744
Minority interests		<u>1,623</u>	<u>1,542</u>	<u>1,516</u>
Total equity		<u>39,864</u>	<u>59,697</u>	<u>94,260</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to the owners of the Company					Minority interests	Total equity	
	Share capital	Share premium*	Property revaluation reserve*	Translation reserves*	Retained earnings*			Total
At 1 January 2007	65,759	46,726	7,183	10	(95,272)	24,406	1,655	26,061
Profit/(loss) for the year	—	—	—	—	13,895	13,895	(32)	13,863
Other comprehensive income								
- Exchange difference on translation of financial statements of foreign operations	—	—	—	(60)	—	(60)	—	(60)
Total comprehensive income for the year	—	—	—	(60)	13,895	13,835	(32)	13,803
Release of revaluation reserve on disposal of property held for own use	—	—	(6,344)	—	6,344	—	—	—
At 31 December 2007	<u>65,759</u>	<u>46,726</u>	<u>839</u>	<u>(50)</u>	<u>(75,033)</u>	<u>38,241</u>	<u>1,623</u>	<u>39,864</u>

	Equity attributable to the owners of the Company					Minority interests	Total equity	
	Share capital	Share premium*	Property revaluation reserve*	Translation reserves*	Retained earnings*			
								Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2008	65,759	46,726	839	(50)	(75,033)	38,241	1,623	39,864
Issue of share capital	9,500	—	—	—	—	9,500	—	9,500
Interim dividend paid	—	—	—	—	(9,500)	(9,500)	—	(9,500)
Transactions with owners	<u>9,500</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(9,500)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit/(loss) for the year	—	—	—	—	20,342	20,342	(81)	20,261
Other comprehensive income								
- Exchange difference on translation of financial statements of foreign operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>(428)</u>	<u>—</u>	<u>(428)</u>	<u>—</u>	<u>(428)</u>
Total comprehensive income for the year	—	—	—	(428)	20,342	19,914	(81)	19,833
Depreciation transfer on property held for own use carried at fair value, net tax	<u>—</u>	<u>—</u>	<u>(60)</u>	<u>—</u>	<u>60</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2008	<u>75,259</u>	<u>46,726</u>	<u>779</u>	<u>(478)</u>	<u>(64,131)</u>	<u>58,155</u>	<u>1,542</u>	<u>59,697</u>

	Equity attributable to the owners of the Company					Minority interests	Total equity	
	Share		Property		Retained earnings*			
	capital	premium*	revaluation reserve*	Translation reserves*				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Total	HK\$'000	HK\$'000	
At 1 January 2009	75,259	46,726	779	(478)	(64,131)	58,155	1,542	59,697
Profit/(loss) for the year	—	—	—	—	28,517	28,517	(26)	28,491
Other comprehensive income								
- Exchange difference on translation of financial statements of foreign operations	—	—	—	4,454	—	4,454	—	4,454
- Surplus on revaluation of properties held for own use	—	—	1,618	—	—	1,618	—	1,618
Total comprehensive income for the year	—	—	1,618	4,454	28,517	34,589	(26)	34,563
Depreciation transfer on property held for own use carried at fair value, net of tax	—	—	(20)	—	20	—	—	—
At 31 December 2009	<u>75,259</u>	<u>46,726</u>	<u>2,377</u>	<u>3,976</u>	<u>(35,594)</u>	<u>92,744</u>	<u>1,516</u>	<u>94,260</u>

* At 31 December 2007, 2008 and 2009, the combined reserves of the Group were amounted to HK\$(27,518,000), HK\$(17,104,000) and HK\$17,485,000 respectively which has been included in the combined statements of financial position.

COMBINED STATEMENTS OF CASH FLOW

	<i>Note</i>	Year ended 31 December		
		2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Cash flows from operating activities				
Profit before income tax		9,844	21,388	36,905
Adjustments for:				
Bank interest income		(618)	(398)	(490)
Dividend income		(307)	(159)	—
(Gain)/loss on disposal of property, plant and equipment		(87)	33	14
Recovery of impaired trade receivables		(208)	(325)	(1,027)
Allowance for impairment of trade receivables		—	754	67
Allowance for impairment of inventories		—	343	5
Depreciation of property, plant and equipment		21,258	21,255	21,511
Fair value loss of derivative financial instruments		—	—	159
Interest expenses		7,180	8,652	6,527
Provision for buy-back option		—	767	—
Operating profits before working capital changes		37,062	52,310	63,671
(Increase)/decrease in inventories and consumables		(470)	(5,867)	21,961
Decrease/(increase) in trade receivables		14,734	1,803	(8,413)
Decrease/(increase) in prepayments, deposits and other receivables		705	(4,927)	(60)
(Decrease)/increase in amount due to fellow subsidiaries		(2,440)	616	2,250
Increase in amount due to a related company		10	10	10
Decrease in amount due to ultimate holding company		—	—	(17)
Increase/(decrease) in trade payables		5,843	19,653	(38,243)
(Decrease)/increase in receipt in advance, accruals and other payables		(8,578)	1,599	11,068
Cash generated from operations		46,866	65,197	52,227
Interest paid		(7,180)	(8,652)	(6,527)
<i>Net cash generated from operating activities</i>		<u>39,686</u>	<u>56,545</u>	<u>45,700</u>
Cash flows from investing activities				
Interest received		618	398	490
Dividend received		307	159	—
Purchase of property, plant and equipment	33	(25,373)	(31,195)	(1,041)
(Increase)/decrease in pledged bank deposits		(2)	972	(242)
Proceeds from disposal of property, plant and equipment		9,406	294	88
<i>Net cash used in investing activities</i>		<u>(15,044)</u>	<u>(29,372)</u>	<u>(705)</u>

	<i>Note</i>	Year ended 31 December		
		2007	2008	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from financing activities				
Dividend paid to then shareholders		—	(9,500)	—
Capital element of finance lease liabilities	33	(3,134)	(14,115)	(18,046)
Proceeds from issuance of share capital		—	9,500	—
Proceeds from new borrowings		11,640	—	8,399
Repayment of borrowings		<u>(23,198)</u>	<u>(16,182)</u>	<u>(10,305)</u>
<i>Net cash used in financing activities</i>		<u>(14,692)</u>	<u>(30,297)</u>	<u>(19,952)</u>
Net increase/(decrease) in cash and cash equivalents				
		9,950	(3,124)	25,043
Cash and cash equivalents at 1 January		11,409	22,483	19,470
Effect of foreign exchange rates, net		<u>1,124</u>	<u>111</u>	<u>1,457</u>
Cash and cash equivalents at 31 December		<u>22,483</u>	<u>19,470</u>	<u>45,970</u>

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND GROUP REORGANISATION

1.1 General information

The Company was incorporated in the Cayman Islands on 11 March 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Group is principally engaged in trading of construction machinery and spare parts, leasing of construction machinery and providing repair and maintenance services in respect of the construction machinery.

The directors of the Company considered Mulpha International BHD ("Mulpha") as the ultimate holding company.

At the date of this report, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name	Place and date of incorporation/ establishment	Particulars of issued and fully paid share capital/registered capital	Effective interest held by the Company	Principal activities
<i>Interests held directly</i>				
Chief Strategy	British Virgin Islands 18 March 2010	300 ordinary shares of US\$1 each	100%	Investment holding
Gold Lake	British Virgin Islands 18 March 2010	100 ordinary shares of US\$1 each	100%	Investment holding
<i>Interests held indirectly</i>				
MEECL	Hong Kong 10 June 1975	145,306 ordinary shares of HK\$100 each	100%	Trading of construction machinery and spare parts
MERCL	Hong Kong 23 December 1981	96,148 ordinary shares of HK\$100 each	100%	Leasing of construction machinery and provision of repair and maintenance services
ME(S)L	Singapore 2 January 1996	10,000,000 ordinary shares of S\$1 each	100%	Trading and leasing of construction machinery and provision of repair and maintenance services
MESL	Hong Kong 23 December 1981	1,132 ordinary shares of HK\$100 each	100%	Investment holding
MVCELL (note)	Vietnam 22 October 2003	Owner invest equity of VND10,649,879,390	67%	Leasing of construction machinery
MEE(M)CL	Macau 18 October 2002	1 quota with nominal value of MOP25,000	100%	Leasing of construction machinery
MS(S)L	Singapore 18 June 1982	10,000 ordinary shares of S\$1 each	100%	Inactive
MEPL	Singapore 17 October 1996	2 ordinary shares of S\$1 each	100%	Inactive

Note: MVCELL was formerly known as Manta Vietnam Construction Equipment Leasing Joint Venture Company. The name was changed on 16 June 2008.

1.2 Group reorganisation

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 March 2010.

As at the date of incorporation of the Company, its authorised share capital was HK\$50,000 divided into 5,000,000 ordinary shares of par value HK\$0.01 each. Following incorporation, 1 ordinary share was allotted and issued at par to Reid Services Limited, the sole subscriber of the Company. Reid Services Limited subsequently transferred its 1 ordinary share of the Company to Jumbo Hill Group Limited ("Jumbo Hill"), a wholly-owned subsidiary of Mulpha.

- (a) On 25 June 2010, Chief Strategy acquired MEECL, MERCL and MESL, from their beneficial owners. The consideration for the acquisition has been satisfied by the allotment and issue, credited as fully paid, of a total of 300 ordinary shares of Chief Strategy ("Chief Strategy Share") to the beneficial owners. The consideration for the acquisition of each of MEECL, MERCL and MESL was satisfied by the allotment and issue of 100 Chief Strategy Shares, as to 1 Chief Strategy Share to Mulpha Trading Sdn Bhd ("Mulpha Trading"), a wholly-owned subsidiary of Mulpha, as to 87 Chief Strategy Shares to Manta Far East Sdn Bhd ("Manta Far East"), a wholly-owned subsidiary of Mulpha and as to 12 Chief Strategy Shares to Pan Ocean International Limited ("Pan Ocean"), all credited as fully paid.
- (b) On 25 June 2010, Mulpha Trading directed Chief Strategy to allot and issue the 3 Chief Strategy Shares to Jumbo Hill.
- (c) On 25 June 2010, Manta Far East directed Chief Strategy to allot and issue the 261 Chief Strategy Shares to Jumbo Hill.
- (d) On 25 June 2010, Gold Lake acquired the entire share capital of ME(S)L from its beneficial owners. The consideration for the acquisition was satisfied by the allotment and issue of 100 ordinary shares of Gold Lake ("Gold Lake Share"), as to 88 Gold Lake Shares to Mulpha Trading and as to 12 Gold Lake Shares to Pan Ocean, all credited as fully paid.
- (e) On 25 June 2010, Mulpha Trading directed Gold Lake to allot and issue the 88 Gold Lake Shares to Jumbo Hill.
- (f) On 25 June 2010, the Company acquired Chief Strategy and Gold Lake from their respective direct shareholders, namely Jumbo Hill and Pan Ocean. The consideration for the acquisition was satisfied by (i) allotment and issue of 99,999,999 ordinary shares of the Company as to 87,999,999 ordinary shares of the Company to Jumbo Hill and as to 12,000,000 ordinary shares of the Company to Pan Ocean, all credited as fully paid.

Subsequent to the completion of the aforesaid Group Reorganisation, Pan Ocean transferred its entire shareholding in the Company, namely 12,000,000 ordinary shares of the Company to Jumbo Hill at the consideration of S\$1,768,000 on 25 June 2010. On 25 June 2010, the amounts due to subsidiaries of Mulpha were capitalised (note 23).

2. BASIS OF PRESENTATION

During the Relevant Periods, Mulpha and Pan Ocean held equity interests as to 88% and 12% respectively in MEECL, MERCL, MESL and ME(S)L and there were no changes in their respective equity interests in these subsidiaries. Mulpha and Pan Ocean had an arrangement to act together as one single group of shareholders ("Single Party") controlling all companies comprising the Group throughout the Relevant Periods. The Group's legal adviser is in the view that such arrangement is lawfully binding. All companies comprising the Group were ultimately controlled by the Single Party both before and immediately after the Group Reorganisation, and that control was not transitory. In respect of this arrangements, Pan Ocean (1) acted as a passive investor; (2) did not participate in the financial and operating policies of the Group; and (3) followed the financial and operating decision made by Mulpha. A written joint confirmation and a statutory declaration of the aforesaid arrangement have been signed by Mulpha and Pan Ocean on 30 March 2010 and 22 June 2010 respectively.

The Group is regarded as a continuing entity resulting from the Group Reorganisation since all of the entities which took part in the Group Reorganisation were controlled by the same Single Party under a contractual arrangement before and immediately after the Group Reorganisation. Consequently, there was a continuation of the risks and benefits to the Single Party. The Group Reorganisation has been accounted for as a reorganisation under common control in a manner similar to pooling of interests. Accordingly, the Financial Information have been prepared using the merger basis of accounting as if the Group Reorganisation had occurred as of the beginning of the earliest period presented and the Group had always been in existence. The assets and liabilities of the companies now comprising the Group are combined using the existing book values from the Single Party's perspective. The interests of equity holders other than the Single Party in the combining companies have been presented as minority interests in the Group's Financial Information.

The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flow of the Group for the Relevant Periods include the results and cash flows of the Company and its subsidiaries from 1 January 2007, or since the Company's and its subsidiaries' respective dates of incorporation whichever is shorter, as if the current group structure had been in existence throughout the Relevant Periods. The combined statements of financial position of the Group as at 31 December 2007, 2008 and 2009 have been prepared to present the state of affairs of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The profit or loss includes the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information have been prepared in accordance with HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by HKICPA and the requirements of the Hong Kong Companies Ordinance. The Financial Information also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

The significant accounting policies that have been used in the preparation of these Financial Information are summarised in note 3 below. These policies have been consistently applied to all the years presented unless otherwise stated. The Financial Information have been prepared under the historical cost basis except for land and building carried at fair value and derivative financial instruments which are stated at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions have been made in preparing the Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas where assumptions and estimates are significant to the Financial Information are set out in note 4 “Critical accounting estimates and assumptions”.

3.1 Adoption of New or Amended HKFRSs

The HKICPA has issued a number of new and revised HKFRSs which were relevant to the Group and became effective during the Relevant Periods. In preparing the Financial Information, the Group has adopted all these new and revised HKFRSs consistently throughout the Relevant Periods.

At the date of authorisation of these Financial Information, certain new and amended HKFRSs have been published but are not yet effective, and have not been early adopted by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group’s accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group’s Financial Information.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree’s identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors of the Company are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors of the Company do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors of the Company are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3.2 Subsidiaries

Subsidiaries are entities (including special purpose entity) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Except for those acquisitions which qualify as a common control combination, which are accounted for using merger accounting, purchase method of accounting is used for the acquisition of subsidiaries by the Group. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Financial Information. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the combined statement of financial position within equity, separately from the equity attributable to the owners of the Company. Profit or loss attributable to the minority interests are presented separately in the combined statement of comprehensive income as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

3.3 Foreign currency translation

The Financial Information are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company.

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the end of the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

3.4 Property, plant and equipment

Land and building carried at fair value is property where the fair value of the leasehold land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease which is stated at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of leasehold land at the inception of the lease, and other items of plant and equipment, are stated at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on revaluation of land and buildings is recognised in other comprehensive income and is accumulated in the property revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of land and buildings arising on revaluations is recognised in other comprehensive income to the extent of the revaluation surplus in the property revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Land and building carried at fair value	Over the lease terms
Building carried at cost	50 years
Plant and machinery	5 to 10 years
Furniture and fixture	5 to 6 years
Office and other equipment	2 to 6 years
Motor vehicles	3 to 5 years

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of land and building.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3.5 Financial assets

Financial assets are classified into loans and receivables and available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any of such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) *Available-for-sale financial assets*

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in the profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) *Available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

(iii) *Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.6 Inventories and consumables

Inventories are carried at the lower of cost and net realisable value. Cost is determined using first-in first-out basis and which comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. All other cost, such as repair and maintenance are charged to profit or loss during the period in which they are incurred. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

Consumables for own consumption or provision of services are stated at cost. Cost is determined using the weighted average method.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.8 Derivative financial instruments

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date the derivative contract is entered into and

subsequently remeasured at fair value. Derivatives that are not designated as hedging instruments are accounted for as financial assets or financial liabilities at fair value through profit or loss. Gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

3.9 Financial liabilities

The Group's financial liabilities include trade and other payables, accruals, bank borrowings, finance lease payables, amounts due to fellow subsidiaries, amount due to a related party and amount due to ultimate holding company.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (note 3.16).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit or loss.

Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Finance lease payables

Finance lease payables are measured at initial value less the capital element of lease repayments (note 3.10).

Derivative

Derivative including separated embedded derivatives are measured at fair value (note 3.8).

Other financial liabilities

Other financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) *Operating lease charges as the lessee*

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(iv) *Assets lease-out under operating leases as the lessor*

Assets lease-out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income is recognised in accordance with note 3.13(ii). Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

3.11 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.12 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and the use by others of the Group's assets yielding interest, dividends and rentals, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) Revenue from sale of goods are recognised upon transfer of the significant risks and rewards of ownership to the customers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Normally, risk is transferred upon despatch of goods and customer has accepted the goods.
- (ii) Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset.
- (iii) Service income is recognised when the services are rendered.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Dividend is recognised when the right to receive payment is established.

3.14 Impairment of non-financial assets

Property, plant and equipment are subject to impairment testing and are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

3.15 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The employees of the Group's subsidiaries which operate in the Hong Kong are required to participate in the Mandatory Provident Fund ("MPF") Schemes Ordinance, for all of its employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in Singapore are required to participate in the Central Provident Fund ("CPF") Scheme, for all of its employees who are eligible to participate in the CPF scheme. The Group is required to contribute a certain percentage of its payroll costs to the CPF scheme.

The employees of the Group's subsidiaries which operate in Vietnam and Macau are required to participate in central pension scheme operated by the local municipal governments. The Group is required to contribute 20% of its payroll costs to the central pension scheme in Vietnam and certain percentage of its payroll cost to the central pension scheme in Macau.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.16 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.17 Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in the profit or loss or in other comprehensive income directly, or directly in equity if they relate to items that are charged or credited to other comprehensive income directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's operating locations.

The Group has identified the following reportable segments:

- Hong Kong
- Singapore
- Vietnam
- Macau

Each of these operating segments is managed separately as each of the product and service lines requires different resources. All inter-segment transfers are carried out at prices mutually agreed between the parties.

The measurement policies the Group uses for reporting segment results, segment assets and segment liabilities under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs.

No asymmetrical allocation has been applied to reportable segments.

3.19 Related parties

For the purposes of these Financial Information, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful life of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Fair value of land and building carried at fair value

Land and building carried at fair value of the Group is stated at fair value less accumulated depreciation in accordance with the accounting policy stated in note 3.4. The fair value of the leasehold land and building is determined by a firm of independently qualified professional surveyors. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet dates and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be utilised. Recognition of deferred tax assets primarily involves management judgement and estimations regarding the taxable profits of the entities in which the losses arose. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(v) Impairment loss for trade and other receivables

The Group makes impairment loss for impairment losses on trade and other receivables based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment losses on trade and other receivables requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Hong Kong	Singapore	Vietnam	Macau	Inter segment elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2007						
Revenue						
From external customers	64,024	144,960	1,622	2,268	—	212,874
From inter segment	<u>15,627</u>	<u>4,579</u>	<u>—</u>	<u>—</u>	<u>(20,206)</u>	<u>—</u>
Reportable segment revenue	<u><u>79,651</u></u>	<u><u>149,539</u></u>	<u><u>1,622</u></u>	<u><u>2,268</u></u>	<u><u>(20,206)</u></u>	<u><u>212,874</u></u>
Reportable segment profit/(loss)	<u><u>899</u></u>	<u><u>12,967</u></u>	<u><u>(95)</u></u>	<u><u>359</u></u>	<u><u>(267)</u></u>	<u><u>13,863</u></u>
Other reportable segment information						
Interest income	616	2	—	—	—	618
Interest expenses	(2,487)	(4,800)	(36)	—	143	(7,180)
Depreciation of non-financial assets	(8,229)	(11,299)	(1,730)	—	—	(21,258)
Recovery of impaired trade receivables	208	—	—	—	—	208
Gain on disposal of property, plant and equipment	7	80	—	—	—	87
Income tax credit/(expense)	(342)	4,361	—	—	—	4,019
Additions to non-current segment assets	13,625	30,796	2,029	—	(264)	46,186
As at 31 December 2007						
Reportable segment assets	<u><u>84,901</u></u>	<u><u>138,670</u></u>	<u><u>4,989</u></u>	<u><u>121</u></u>	<u><u>(9,244)</u></u>	<u><u>219,437</u></u>
Reportable segment liabilities	<u><u>55,100</u></u>	<u><u>132,224</u></u>	<u><u>692</u></u>	<u><u>478</u></u>	<u><u>(8,921)</u></u>	<u><u>179,573</u></u>

	Hong Kong	Singapore	Vietnam	Macau	Inter segment elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2008						
Revenue						
From external customers	90,221	165,913	1,752	4,651	—	262,537
From inter segment	9,170	1,255	—	—	(10,425)	—
Reportable segment revenue	<u>99,391</u>	<u>167,168</u>	<u>1,752</u>	<u>4,651</u>	<u>(10,425)</u>	<u>262,537</u>
Reportable segment profit/(loss)	<u>12,307</u>	<u>7,951</u>	<u>(243)</u>	<u>563</u>	<u>(317)</u>	<u>20,261</u>
Other reportable segment information						
Interest income	397	1	—	—	—	398
Interest expenses	(1,777)	(6,765)	(183)	—	73	(8,652)
Depreciation of non-financial assets	(9,271)	(11,347)	(637)	—	—	(21,255)
Allowance for impairment of inventories	(343)	—	—	—	—	(343)
Allowance for impairment of trade receivables	(117)	(637)	—	—	—	(754)
Recovery of impaired trade receivables	—	—	325	—	—	325
Loss on disposal of property, plant and equipment	(33)	—	—	—	—	(33)
Income tax credit/(expense)	622	(1,749)	—	—	—	(1,127)
Additions to non-current segment assets during the year	22,259	24,174	878	—	(325)	46,986
As at 31 December 2008						
Reportable segment assets	<u>96,644</u>	<u>148,639</u>	<u>5,936</u>	<u>1,647</u>	<u>(6,156)</u>	<u>246,710</u>
Reportable segment liabilities	<u>54,798</u>	<u>134,332</u>	<u>992</u>	<u>2,084</u>	<u>(5,193)</u>	<u>187,013</u>

	Hong Kong	Singapore	Vietnam	Macau	Inter segment elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2009						
Revenue						
From external customers	46,536	133,282	1,705	1,986	—	183,509
From inter segment	6,235	33	—	—	(6,268)	—
Reportable segment revenue	<u>52,771</u>	<u>133,315</u>	<u>1,705</u>	<u>1,986</u>	<u>(6,268)</u>	<u>183,509</u>
Reportable segment profit/(loss)	<u>11,598</u>	<u>17,002</u>	<u>(79)</u>	<u>81</u>	<u>(111)</u>	<u>28,491</u>
Other reportable segment information						
Interest income	255	235	—	—	—	490
Interest expenses	(1,213)	(5,428)	(62)	—	176	(6,527)
Depreciation of non-financial assets	(8,478)	(12,981)	(52)	—	—	(21,511)
Allowance for impairment of inventories	—	—	(5)	—	—	(5)
Fair value loss of derivative financial instruments	(159)	—	—	—	—	(159)
Allowance for impairment of trade receivables	—	—	(67)	—	—	(67)
Recovery of impaired trade receivables	—	1,027	—	—	—	1,027
Loss on disposal of property, plant and equipment	(14)	—	—	—	—	(14)
Income tax credit/(expense)	35	(8,449)	—	—	—	(8,414)
Additions to non-current segment assets during the year	7,510	31,129	588	—	(110)	39,117
As at 31 December 2009						
Reportable segment assets	<u>87,070</u>	<u>194,710</u>	<u>6,716</u>	<u>1,440</u>	<u>(9,398)</u>	<u>280,538</u>
Reportable segment liabilities	<u>32,358</u>	<u>158,882</u>	<u>1,108</u>	<u>2,442</u>	<u>(8,512)</u>	<u>186,278</u>

The following table presents the revenue from external customers and its non-current assets (other than financial instruments and deferred tax assets) by locations of countries which the Group derives revenue for each of the Relevant Periods.

	Hong Kong	Singapore	Vietnam	Macau	Middle East	The People's Republic of China	Thailand	Sri Lanka	Poland	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers											
Year ended											
31 December 2007	<u>58,232</u>	<u>102,788</u>	<u>1,622</u>	<u>1,529</u>	<u>6,530</u>	<u>—</u>	<u>22,644</u>	<u>15,352</u>	<u>—</u>	<u>4,177</u>	<u>212,874</u>
Year ended											
31 December 2008	<u>44,237</u>	<u>162,769</u>	<u>1,752</u>	<u>41,183</u>	<u>9,426</u>	<u>—</u>	<u>1,883</u>	<u>478</u>	<u>—</u>	<u>809</u>	<u>262,537</u>
Year ended											
31 December 2009	<u>33,488</u>	<u>120,083</u>	<u>1,705</u>	<u>5,184</u>	<u>—</u>	<u>9,850</u>	<u>—</u>	<u>138</u>	<u>11,758</u>	<u>1,303</u>	<u>183,509</u>

	Hong Kong	Singapore	Vietnam	Inter segment elimination	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Non-current assets						
At 31 December 2007		<u>48,284</u>	<u>64,475</u>	<u>4,724</u>	<u>(9,733)</u>	<u>107,750</u>
At 31 December 2008		<u>58,352</u>	<u>74,092</u>	<u>4,218</u>	<u>(9,552)</u>	<u>127,110</u>
At 31 December 2009		<u>56,777</u>	<u>94,432</u>	<u>3,224</u>	<u>(8,550)</u>	<u>145,883</u>

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset.

The Group's revenue from external customers for different products and services is set out in note 6.

For the year ended 31 December 2007, 10% and 10% of the Group's total revenue was attributable to rental income from two customers in Singapore of HK\$21,803,000 and Hong Kong of HK\$21,688,000 respectively.

For the year ended 31 December 2008, 12% of the Group's total revenue was attributable to rental income from a customer in Hong Kong of HK\$30,485,000.

For the year ended 31 December 2009, no customer attributed more than 10% of the Group's total revenue.

6. REVENUE

The Group's principal activities are trading of construction machineries and spare parts, leasing of the construction machineries and providing repair and maintenance of services in respect of the construction machineries.

Revenue from the Group's principal activities during each of the Relevant Periods is as follows:

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Sales of machineries	126,720	161,382	51,182
Sales of spare parts	20,040	8,093	12,446
Rental income	52,944	76,804	101,514
Service income	<u>13,170</u>	<u>16,258</u>	<u>18,367</u>
	<u>212,874</u>	<u>262,537</u>	<u>183,509</u>

7. OTHER INCOME

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	618	398	490
Compensation received	388	889	418
Dividend income	307	159	—
Net foreign exchange gain	485	932	—
Gain on disposal of property, plant and equipment	87	—	—
Recovery of impaired trade receivables	208	325	1,027
Sales of fixing angles	583	339	58
Territory commission	780	778	274
Others	<u>—</u>	<u>587</u>	<u>21</u>
	<u>3,456</u>	<u>4,407</u>	<u>2,288</u>

8. FINANCE COSTS

	Year ended 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest charges on financial liabilities stated at amortised cost:			
- Bank loans wholly repayable within five years	2,577	1,632	108
- Finance lease payables wholly repayable within five years	2,254	3,317	3,030
- Advances from fellow subsidiaries	991	893	786
- Advance from a related company	15	10	10
- Trade payables	897	2,470	2,336
- Others	446	330	257
	<u>7,180</u>	<u>8,652</u>	<u>6,527</u>

9. PROFIT BEFORE INCOME TAX

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Profit before income tax is arrived at after charging/(crediting):			
Auditors' remuneration	315	305	286
Cost of inventories recognised as an expense	127,385	146,228	39,017
Depreciation of property, plant and equipment (note (i))			
- Owned assets	16,886	12,182	11,221
- Leased assets	4,372	9,073	10,290
Allowance for impairment of trade receivables (note (ii))	—	754	67
Allowance for impairment of inventories (note (iii))	—	343	5
(Gain)/loss on disposal of property, plant and equipment	(87)	33	14
Fair value loss of derivative financial instruments	—	—	159
Provision for buy back option	—	767	—
Operating lease charges			
- Plant and machinery	70	680	405
- Land and buildings	1,663	2,923	3,288
Staff costs (including directors' remuneration (note 13))			
- Wages, salaries and bonuses	15,461	16,811	15,903
- Contribution to defined contribution pension plans (note (iv))	923	1,131	1,061
Net foreign exchange (gain)/loss	(485)	(932)	365
Rental income from subletting of plant and machinery (note (v))	<u>(5,648)</u>	<u>(12,357)</u>	<u>(28,762)</u>

Notes:

- (i) Depreciation of approximately HK\$20,985,000, HK\$21,255,000 and HK\$21,346,000 has been charged to other operating expenses, for the years ended 31 December 2007, 2008 and 2009 respectively. Depreciation of approximately HK\$273,000, Nil and HK\$165,000 has been charged to administrative expenses, for the years ended 31 December 2007, 2008 and 2009 respectively.
- (ii) Allowance for impairment of trade receivables has been included in administrative expenses for the years ended 31 December 2008 and 2009.

- (iii) Allowance for impairment of inventories has been included in cost of inventories for the Relevant Periods.
- (iv) During the Relevant Periods, the Group had no forfeited contributions available to reduce its contributions to the pension schemes.
- (v) Rental income from subletting plant and machinery has been included in revenue as rental income during the Relevant Periods.

10. INCOME TAX CREDIT/(EXPENSE)

	Year ended 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax - overseas			
- Current year	—	—	(1,087)
Deferred tax			
- Current year	4,019	622	(7,362)
- (Over)/under provision in prior year	<u>—</u>	<u>(1,749)</u>	<u>35</u>
	<u>4,019</u>	<u>(1,127)</u>	<u>(7,327)</u>
Total income tax credit/(expense)	<u>4,019</u>	<u>(1,127)</u>	<u>(8,414)</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Hong Kong and Vietnam Profits Tax has not been provided as the Group has (i) no assessable profit or (ii) allowable tax losses brought forward to set off against the assessable profit incurred during the Relevant Periods. No provision for Macau Profits Tax has been provided as the Group has sufficient tax losses brought forward to set off against the assessable profits during the Relevant Periods.

No Singapore Profits Tax has been provided for the years ended 31 December 2007 and 2008 as the Group has sufficient tax allowances/losses brought forward to set off against the assessable profit incurred during the respective years. Singapore Profits Tax has been provided at a tax rate of 17% on the estimated assessable profits for the year ended 31 December 2009.

A reconciliation of income tax (credit)/expense and accounting profit at applicable tax rate is as follows:

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Profit before income tax	<u>9,844</u>	<u>21,388</u>	<u>36,905</u>
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	1,723	3,585	6,089
Tax effect of different tax rates of subsidiaries	69	190	127
Tax effect of non-deductible expenses	380	672	4,145
Tax effect of non-taxable income	(301)	(1,342)	(903)
Tax effect of temporary difference not recognised	178	(1,334)	(19)
Tax effect of prior year's unrecognised tax losses utilised this year	(171)	(654)	(1,025)
Prior year deferred tax asset not recognised	(5,895)	(1,739)	—
Overprovision in prior year	—	1,749	—
Others	<u>(2)</u>	<u>—</u>	<u>—</u>
Income tax (credit)/expense	<u>(4,019)</u>	<u>1,127</u>	<u>8,414</u>

11. DIVIDEND

Dividend attributable to the year

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Interim dividend	<u>—</u>	<u>9,500</u>	<u>—</u>

Dividend was declared and payable by a subsidiary to its respective then shareholders for the year ended 31 December 2008.

12. EARNINGS PER SHARE

The calculations of basic earnings per share for the years ended 31 December 2007, 2008 and 2009 are based on the profit attributable to owners of the Company of approximately HK\$13,895,000, HK\$20,342,000 and HK\$28,517,000 respectively, and on the 150,000,000 ordinary shares issuable (being the number of shares of the Company prior to the listing of the Company's shares on the Stock Exchange) as if these shares had been issued throughout the Relevant Periods.

No diluted earnings per share is presented as the Group has no dilutive potential shares during the Relevant Periods.

13. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS**(a) Directors' emoluments**

	Directors' fees		Other emoluments		Total
	Salaries, allowances and other benefits	Discretionary bonuses	Contribution to defined contribution pension plans		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2007					
<i>Executive directors</i>					
Mr. Chung Tze Hien	—	—	—	—	—
Mr. Quek Chang Yeow	—	662	162	56	880
Mr. Lai Siu Shing	—	1,097	45	12	1,154
	—	1,759	207	68	2,034

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contribution to defined contribution pension plans	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2008					
<i>Executive directors</i>					
Mr. Chung Tze Hien	—	—	—	—	—
Mr. Quek Chang Yeow	—	703	39	59	801
Mr. Lai Siu Shing	—	954	50	12	1,016
	<u>—</u>	<u>1,657</u>	<u>89</u>	<u>71</u>	<u>1,817</u>
Year ended 31 December 2009					
<i>Executive directors</i>					
Mr. Chung Tze Hien	—	—	—	—	—
Mr. Quek Chang Yeow	—	747	202	62	1,011
Mr. Lai Siu Shing	—	672	64	12	748
	<u>—</u>	<u>1,419</u>	<u>266</u>	<u>74</u>	<u>1,759</u>

There were no arrangements under which a director waived or agreed to waive any remuneration during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2, 2 and 2 directors for the years ended 31 December 2007, 2008 and 2009 respectively whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3, 3 and 3 individuals during the years ended 31 December 2007, 2008 and 2009 respectively are as follows:

	Year ended 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other emoluments	1,613	2,271	910
Discretionary bonuses	115	91	77
Contribution to defined contribution pension plans	<u>201</u>	<u>110</u>	<u>54</u>
	<u><u>1,929</u></u>	<u><u>2,472</u></u>	<u><u>1,041</u></u>

The emoluments of non-director individuals fell within the following bands:

	Year ended 31 December		
	2007	2008	2009
Nil to HK\$1,000,000	3	2	3
HK\$1,000,001 to HK\$1,500,000	<u>—</u>	<u>1</u>	<u>—</u>

During the Relevant Periods, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and building carried at fair value <i>HK\$'000</i>	Building carried at cost <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and fixture <i>HK\$'000</i>	Office and other equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2007							
Cost or valuation	11,710	4,700	185,954	4,369	3,217	2,215	212,165
Accumulated depreciation	(65)	(188)	(112,058)	(3,841)	(2,879)	(1,424)	(120,455)
Net book amount	<u>11,645</u>	<u>4,512</u>	<u>73,896</u>	<u>528</u>	<u>338</u>	<u>791</u>	<u>91,710</u>
Year ended 31 December 2007							
Opening net book amount	11,645	4,512	73,896	528	338	791	91,710
Additions	—	—	45,405	50	101	630	46,186
Disposals	(9,000)	—	(92)	(22)	(16)	(189)	(9,319)
Depreciation	(65)	(100)	(20,420)	(187)	(151)	(335)	(21,258)
Transfer to inventories	—	—	(2,141)	—	—	—	(2,141)
Exchange differences	—	266	2,254	3	6	43	2,572
Closing net book amount	<u>2,580</u>	<u>4,678</u>	<u>98,902</u>	<u>372</u>	<u>278</u>	<u>940</u>	<u>107,750</u>
At 31 December 2007 and 1 January 2008							
Cost or valuation	2,710	4,976	226,527	2,827	3,294	2,309	242,643
Accumulated depreciation	(130)	(298)	(127,625)	(2,455)	(3,016)	(1,369)	(134,893)
Net book amount	<u>2,580</u>	<u>4,678</u>	<u>98,902</u>	<u>372</u>	<u>278</u>	<u>940</u>	<u>107,750</u>
Year ended 31 December 2008							
Opening net book amount	2,580	4,678	98,902	372	278	940	107,750
Additions	—	—	45,897	19	175	895	46,986
Disposals	—	—	(248)	—	—	(79)	(327)
Depreciation	(65)	(99)	(20,352)	(144)	(150)	(445)	(21,255)
Transfer to inventories	—	—	(5,467)	—	—	—	(5,467)
Exchange differences	—	(43)	(533)	6	—	(7)	(577)
Closing net book amount	<u>2,515</u>	<u>4,536</u>	<u>118,199</u>	<u>253</u>	<u>303</u>	<u>1,304</u>	<u>127,110</u>

	Land and building carried at fair value <i>HK\$'000</i>	Building carried at cost <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and fixture <i>HK\$'000</i>	Office and other equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2008 and 1 January 2009							
Cost or valuation	2,710	4,931	246,223	2,828	3,285	2,774	262,751
Accumulated depreciation	(195)	(395)	(128,024)	(2,575)	(2,982)	(1,470)	(135,641)
Net book amount	<u>2,515</u>	<u>4,536</u>	<u>118,199</u>	<u>253</u>	<u>303</u>	<u>1,304</u>	<u>127,110</u>
Year ended 31 December 2009							
Opening net book amount	2,515	4,536	118,199	253	303	1,304	127,110
Additions	—	—	38,348	30	417	322	39,117
Disposals	—	—	(50)	—	(10)	(42)	(102)
Depreciation	(65)	(103)	(20,639)	(98)	(133)	(473)	(21,511)
Transfer to inventories	—	—	(3,419)	—	—	—	(3,419)
Valuation adjustment	1,618	—	—	—	—	—	1,618
Exchange differences	—	211	2,840	(14)	2	31	3,070
Closing net book amount	<u>4,068</u>	<u>4,644</u>	<u>135,279</u>	<u>171</u>	<u>579</u>	<u>1,142</u>	<u>145,883</u>
At 31 December 2009							
Cost or valuation	4,068	5,160	251,430	2,890	3,713	3,093	270,354
Accumulated depreciation	—	(516)	(116,151)	(2,719)	(3,134)	(1,951)	(124,471)
Net book amount	<u>4,068</u>	<u>4,644</u>	<u>135,279</u>	<u>171</u>	<u>579</u>	<u>1,142</u>	<u>145,883</u>

The analysis of net carrying amounts for the above assets under the cost or valuation model is as follows:

	Land and building carried at fair value <i>HK\$'000</i>	Building carried at cost <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and fixture <i>HK\$'000</i>	Office and other equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2007							
At cost	—	4,678	98,902	372	278	940	105,170
At valuation	<u>2,580</u>	—	—	—	—	—	<u>2,580</u>
	<u>2,580</u>	<u>4,678</u>	<u>98,902</u>	<u>372</u>	<u>278</u>	<u>940</u>	<u>107,750</u>
At 31 December 2008							
At cost	—	4,536	118,199	253	303	1,304	124,595
At valuation	<u>2,515</u>	—	—	—	—	—	<u>2,515</u>
	<u>2,515</u>	<u>4,536</u>	<u>118,199</u>	<u>253</u>	<u>303</u>	<u>1,304</u>	<u>127,110</u>
At 31 December 2009							
At cost	—	4,644	135,279	171	579	1,142	141,815
At valuation	<u>4,068</u>	—	—	—	—	—	<u>4,068</u>
	<u>4,068</u>	<u>4,644</u>	<u>135,279</u>	<u>171</u>	<u>579</u>	<u>1,142</u>	<u>145,883</u>

The Group's land and building carried at fair value were last revalued at 31 December 2009 by a firm of independent qualified professional surveyor, LCH (Asia-Pacific) Surveyors Limited ("LCH"), members of LCH are professional members of the Hong Kong Institute of Surveyors. The registered office of LCH is situated at 17th Floor, Champion Building, Nos. 287-291 Des Voeux Central, Hong Kong. Fair value was estimated based on recent market transactions, which was then adjusted for specific conditions relating to the land and building. The revaluation surplus net of applicable deferred income taxes was credited to the combined statement of comprehensive income as other comprehensive income.

If the land and building carried at fair value was stated on the historical cost basis, the carrying amounts would be as follows:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost	1,871	1,871	1,871
Accumulated depreciation	<u>(555)</u>	<u>(587)</u>	<u>(631)</u>
Net book amount	<u>1,316</u>	<u>1,284</u>	<u>1,240</u>

The Group's buildings are situated in the Hong Kong and Singapore and are held under leases terms of between 10 to 50 years.

Plant and machinery and motor vehicles of net book amounts of approximately HK\$35,811,000, HK\$71,768,000 and HK\$97,872,000 were held under finance lease as at 31 December 2007, 2008 and 2009 respectively.

Plant and machinery of net book amounts of approximately HK\$7,494,000, HK\$10,639,000 and HK\$7,460,000 were pledged as security for bank borrowings (note 24) as at 31 December 2007, 2008 and 2009 respectively.

Land and building carried at fair value and/or building carried at cost of net book amounts of approximately HK\$7,258,000, HK\$2,515,000 and HK\$8,712,000 were pledged as security for bank borrowings (note 24) as at 31 December 2007, 2008 and 2009 respectively.

15. AVAILABLE-FOR-SALE INVESTMENT

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity investment, at cost	<u>580</u>	<u>580</u>	<u>580</u>

The Group had 15% equity interest in 深圳能科達機械工程有限公司, Shenzhen Nectar Engineering & Equipment Co., Ltd.*, a Sino-foreign equity joint venture incorporated in the People's Republic of China.

* The English translation of the company name is for reference only. The official name of this company is in Chinese.

The fair value of unlisted equity securities was not disclosed as the fair value cannot be measured reliably. There was no open market on the unlisted investment and the management has no intention to dispose of such investment at end of each of the Relevant Periods.

16. INVENTORIES AND CONSUMABLES

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cranes and spare parts	<u>44,421</u>	<u>55,412</u>	<u>36,865</u>

17. TRADE RECEIVABLES

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, gross	25,024	22,978	31,495
Less: Provision for impairment	<u>(891)</u>	<u>(1,077)</u>	<u>(221)</u>
Trade receivables, net	<u>24,133</u>	<u>21,901</u>	<u>31,274</u>

The Group's trading terms with its existing customers are mainly on credit. The credit period is generally for a period of 0 to 60 days or based on the terms agreed in the sale agreement.

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The ageing analysis of trade receivables as at the end of each of the Relevant Periods, net of impairment, based on invoice date, is as follows:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	8,286	10,812	13,505
31 - 60 days	8,086	10,636	9,595
61 - 90 days	7,761	453	272
Over 90 days	<u>—</u>	<u>—</u>	<u>7,902</u>
	<u>24,133</u>	<u>21,901</u>	<u>31,274</u>

The movement in the allowance for impairment of trade receivables during the Relevant Periods is as follows:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	1,836	891	1,077
Impairment loss recognised	—	754	67
Amount recovered during the year	(208)	(325)	(1,027)
Amount written off during the year	(737)	(226)	—
Exchange differences	—	(17)	104
	<u> </u>	<u> </u>	<u> </u>
At 31 December	<u>891</u>	<u>1,077</u>	<u>221</u>

At the end of each of the Relevant Periods, the Group reviews receivables for evidence of impairment on both an individual and collective basis. At 31 December 2007, 2008 and 2009, the Group has determined trade receivables of approximately HK\$891,000, HK\$1,077,000 and HK\$221,000 as individually impaired respectively. Based on this assessment, impairment loss written back of approximately HK\$208,000, HK\$325,000 and HK\$1,027,000 have been recognised for the years ended 31 December 2007, 2008 and 2009 respectively. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

The ageing analysis of the Group's trade receivables that are not impaired is as follows:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	7,136	9,662	8,479
Not more than 3 months past due	16,997	12,239	19,784
Over 3 months past due	—	—	3,011
	<u> </u>	<u> </u>	<u> </u>
	<u>24,133</u>	<u>21,901</u>	<u>31,274</u>

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of customers that have a good track record of repayment with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	1,988	6,602	6,747
Deposits	1,104	1,816	2,497
Other receivables	<u>2,049</u>	<u>1,650</u>	<u>884</u>
	<u>5,141</u>	<u>10,068</u>	<u>10,128</u>

None of above assets is either past due or impaired. The financial assets included in the above balances related to counterparties for which there was no recent history of default.

The carrying amounts of deposits and other receivables of the Group approximate their fair values as these financial assets which are measured at amortised cost, are expected to be repaid within a short timescale, such that the time value of money is not significant.

19. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Pledged bank deposits have maturities of 3 months, 3 months and 6 months as at 31 December 2007, 2008 and 2009 respectively. Such deposits have been pledged to certain banks and other financial institutions as securities for bank borrowings and finance lease payables. The effective interest rates of the Group's pledged bank deposits were set out in note 34(a).

Bank balances earn interest at floating rates based on daily bank deposit rates.

20. TRADE PAYABLES

The credit period is generally for a period of 30 to 60 days or based on the terms agreed in the purchase agreement. At 31 December 2007, 2008 and 2009, trade payables of approximately HK\$23,334,000, HK\$39,232,000 and HK\$14,558,000 respectively were interest-bearing at 5% to 7.8% per annum, 4% to 5% per annum and 4% to 5% per annum.

The ageing analysis of trade payables as at the end of each of the Relevant Periods, based on invoice date, is as follows:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	23,259	31,957	21,012
31 - 60 days	3,372	10,386	5,875
61 - 90 days	6,820	5,687	1,433
Over 90 days	<u>16,726</u>	<u>21,800</u>	<u>3,267</u>
	<u>50,177</u>	<u>69,830</u>	<u>31,587</u>

The fair values of trade payables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

21. RECEIPT IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Receipt in advance	11,435	11,471	22,030
Accruals	4,126	4,762	3,726
Other payables	<u>1,904</u>	<u>2,831</u>	<u>4,376</u>
	<u>17,465</u>	<u>19,064</u>	<u>30,132</u>

The carrying amounts of accruals and other payables of the Group approximate their fair values as these financial liabilities which are measured at amortised cost, are expected to be repaid within a short timescale, such that the time value of money is not significant.

22. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2009, the Group used a forward foreign exchange contract to mitigate exchange rate exposure from forecast purchase denominated in Euros. The forward foreign exchange contract was considered by management to be part of economic hedge arrangements but has not been formally designated as hedges in accordance with HKAS 39.

The forward foreign exchange contract at 31 December 2009 was stated at fair value which was determined by LCH, a firm of independent qualified professional surveyor, the members of LCH are professional members of the Hong Kong Institute of Surveyors. The registered office is situated at 17th Floor, Champion Building, Nos. 287-291 Des Voeux Central, Hong Kong. Valuation was using income approach which discount the difference between the market forward rate and the contract stated rate at risk free rate of 0.187%.

At 31 December 2009, the principal terms of the forward foreign exchange contract are as follows:

Notional amount	Maturity	Contract exchange rate
EUR444,000	30 June 2010	11.448

23. AMOUNTS DUE TO FELLOW SUBSIDIARIES / A RELATED COMPANY / ULTIMATE HOLDING COMPANY

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Fellow subsidiaries			
Asian Fame Development Company Limited			
(note (i))			
- Interest bearing at Hong Kong prime rate plus 3% per annum	1,313	1,313	1,313
- Interest free	1,794	1,908	2,016
MIB Pte Ltd (note (ii))			
- Interest bearing at 3%, 3% and 2% per annum at 31 December 2007, 2008 and 2009 respectively	<u>30,795</u>	<u>31,297</u>	<u>33,439</u>
	<u>33,902</u>	<u>34,518</u>	<u>36,768</u>
A related company			
Carpo Rich Limited (note (iii))			
- Interest bearing at Hong Kong prime rate plus 3% per annum	<u>147</u>	<u>157</u>	<u>167</u>
Ultimate holding company - interest free	<u>17</u>	<u>17</u>	<u>—</u>

Notes:

- (i) The amount due to Asian Fame Development Company Limited as at 31 December 2009 to the extent of approximately HK\$2,016,000 has been settled by issuance of new shares of the Company after the Relevant Periods. The remaining balance of approximately HK\$1,313,000 was fully settled as of the date of this report.

(ii) The amount due to MIB Pte Ltd as at 31 December 2009 to the extent of approximately HK\$23,953,000 (equivalent to S\$4,278,000) has been settled by issuance of new shares of the Company after the Relevant Periods. The remaining balance of approximately HK\$9,486,000 (equivalent to S\$1,694,000) was fully settled as of the date of this report.

(iii) The amount due to Carpo Rich Limited as at 31 December 2009 was fully settled as of the date of this report.

The amounts due were unsecured and repayable on demand.

24. BANK BORROWINGS

The Group's bank borrowings were repayable as follows:

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Bank borrowings repayable			
Within one year	22,193	10,114	2,100
In the second to fifth years	<u>4,180</u>	<u>—</u>	<u>6,299</u>
	<u>26,373</u>	<u>10,114</u>	<u>8,399</u>

Bank borrowings were denominated in Hong Kong Dollars and Singapore Dollars. The effective interest rates of the Group's bank borrowings were set out in note 34(a).

At 31 December 2007 and 2009, the bank borrowings of the Group were secured by bank deposits (note 19), land and building carried at fair value, building carried at cost and plant and machinery of the Group (note 14) and corporate guarantees executed by Mulpha, ultimate holding company.

At 31 December 2008, the bank borrowings of the Group were secured by bank deposits (note 19), land and building carried at fair value and plant and machinery of the Group (note 14) and corporate guarantees executed by Mulpha, ultimate holding company.

The fair values of non-current borrowings are estimated as the present value of future cash flows discounted at market interest rates of comparable financial instruments which approximate to their carrying amounts at the end of each of the Relevant Periods.

The carrying values of the Group's current portion of borrowings are considered to be a reasonable approximation of fair values due to their short term maturities.

As of the date of this report, the Group has obtained the consents from certain current lenders to release the financial guarantees provided by Mulpha, ultimate holding company, and the personal guarantee executed by a director of the Group by replacing them with financial guarantees provided by the Company upon the completion of the Listing.

25. FINANCE LEASE PAYABLES

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total minimum lease payments:			
Due within one year	16,843	19,503	30,554
Due in the second to fifth years	35,586	33,776	44,930
Due after five years	<u>114</u>	<u>27</u>	<u>—</u>
	52,543	53,306	75,484
Future finance charges on finance leases	<u>(5,930)</u>	<u>(5,017)</u>	<u>(7,165)</u>
Present value of finance lease liabilities	<u>46,613</u>	<u>48,289</u>	<u>68,319</u>
Present value of minimum lease payments:			
Due within one year	14,115	16,976	27,468
Due in the second to fifth years	32,392	31,287	40,851
Due after five years	<u>106</u>	<u>26</u>	<u>—</u>
	46,613	48,289	68,319
Less: Portion due within one year included under current liabilities	<u>(14,115)</u>	<u>(16,976)</u>	<u>(27,468)</u>
Portion due after one year included under non-current liabilities	<u>32,498</u>	<u>31,313</u>	<u>40,851</u>

The Group has entered into finance leases for items of plant and machinery. The average lease term is 3 to 5 years. At the end of the lease term, the Group has the option to purchase the leased equipment at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease. None of the leases include contingent rentals.

Finance lease payables bore interest at fixed interest rates. The effective interest rates on the Group's finance lease payables as at 31 December 2007, 2008 and 2009 were set out in note 34(a) respectively.

At 31 December 2007, 2008 and 2009, the finance lease payables of the Group were secured by corporate guarantees executed by Mulpha, ultimate holding company, and personal guarantee executed by a director of the Company.

Finance lease payables are effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

As of the date of this report, the Group has obtained the consents from certain current lenders to release the financial guarantees provided by Mulpha, ultimate holding company, and the personal guarantee executed by a director of the Group by replacing them with financial guarantees provided by the Company upon the completion of the Listing. For those finance lease facilities that the Group cannot obtain a consent to release the financial guarantees, the Group will repay the finance lease payable by its cash resources or borrowings from other financial institutions that will not require such financial guarantees upon the listing of the Company's shares on the Stock Exchange.

26. PROVISION

The provision represented the best estimate of the Group's liability for a buy-back option arising from sales of cranes. The movement during the Relevant Periods is as follows:

	At 31 December		
	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
At 1 January	—	—	767
Provision for the year	<u>—</u>	<u>767</u>	<u>—</u>
At 31 December	<u>—</u>	<u>767</u>	<u>767</u>

27. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the following principal tax rates:

	At 31 December		
	2007	2008	2009
Hong Kong profits tax	17.5%	16.5%	16.5%
Singapore profits tax	<u>18%</u>	<u>18%</u>	<u>17%</u>

The movement on deferred tax (liabilities)/assets is as follows:

	Deferred tax liabilities attributable to accelerated tax depreciation <i>HK\$'000</i>	Deferred tax assets attributable to tax losses <i>HK\$'000</i>	Net <i>HK\$'000</i>
At 1 January 2007	(4,537)	—	(4,537)
Recognised in the profit or loss	<u>(342)</u>	<u>4,361</u>	<u>4,019</u>
At 31 December 2007 and 1 January 2008	(4,879)	4,361	(518)
Recognised in the profit or loss	622	(1,749)	(1,127)
Exchange differences	<u>—</u>	<u>(39)</u>	<u>(39)</u>
At 31 December 2008 and 1 January 2009	(4,257)	2,573	(1,684)
Recognised in the profit or loss	(4,758)	(2,569)	(7,327)
Attributable to change in tax rate	122	—	122
Exchange differences	<u>—</u>	<u>(4)</u>	<u>(4)</u>
At 31 December 2009	<u>(8,893)</u>	<u>—</u>	<u>(8,893)</u>

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of approximately HK\$52 million, HK\$45 million and HK\$31 million at 31 December 2007, 2008 and 2009 respectively to carry forward against future taxable income. These tax losses do not expire under current legislation.

28. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 11 March 2010. At the date of incorporation, the authorised share capital of the Company was HK\$50,000 divided into 5,000,000 ordinary shares of HK\$0.01 each.

The share capital balances as at 31 December 2007, 2008 and 2009 represented the aggregate amount of paid-up capital of the companies now comprising the Group in which the equity shareholders of the Company held direct interests, after elimination of investments in subsidiaries.

On 7 November 2008, a subsidiary issued 95,000 ordinary shares of HK\$100 each for cash fully paid totalling HK\$9,500,000.

29. RESERVES

Details of the movements on the Group's reserve are as set out in the combined statements of changes in equity.

30. OUTSTANDING CLAIM

The Group had received two letters before action dated 8 June 2009 and 26 May 2010 in relation to intended common law claim lodged by a staff of security guard company retained by the Group for his injury on 21 September 2008 in the course of his employment. According to the legal counsel of the Group, as the staff was not the direct employee of the Group, it is very hard to establish a claim/action against the Group for his occupational safety in terms of the occupier liability. In the opinion of the legal counsel, the Group had no duty to provide a safety working place for its non employee. No formal legal action was taken by the claimant against the Group. If the action be taken and the outcome is unfavorable to the Group, the amount of estimated potential loss would be around HK\$410,000 for claim amount and HK\$350,000 for the legal costs.

No provision for the claim has been made as at 31 December 2008 and 2009 as the directors of the Company consider it is not probable that the claim would be material and there would not be any a significant impact to the Group's financial results. Furthermore, Mulpha has agreed to indemnify the Company for the claim amount, if any.

Even though the final outcome of this claim is still uncertain as of the date of this report, the directors of the Company are of the opinion that the ultimate liability, if any, will not have a material adverse impact upon the Group's financial position.

31. COMMITMENTS**Operating lease commitment — as lessor**

The Group had future aggregate minimum lease receipts in respect of plant and machinery owned by the Group under non-cancellable operating leases as follows:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	21,196	47,094	34,332
In the second to fifth years, inclusive	<u>718</u>	<u>7,467</u>	<u>2,373</u>
	<u>21,914</u>	<u>54,561</u>	<u>36,705</u>

The Group had future aggregate minimum lease receipts in respect of plant and machinery subletted by the Group under non-cancellable operating leases as follows:

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Within one year	4,722	16,300	14,039
In the second to fifth years, inclusive	<u>2,437</u>	<u>3,520</u>	<u>358</u>
	<u>7,159</u>	<u>19,820</u>	<u>14,397</u>

The Group leases its plant and machinery under operating leases arrangements which run for an initial period of one to two years. All leases are on a fixed rental basis and do not include contingent rentals. The terms of leases generally require the lessee to pay security deposits.

Operating lease commitment — as lessee

The total future minimum lease payments of the Group in respect of plant and machinery, and properties under non-cancellable operating leases are as follows:

	At 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Within one year	648	3,189	1,555
In the second to fifth years, inclusive	2,206	2,044	4,381
After five years	<u>3,442</u>	<u>2,948</u>	<u>2,198</u>
	<u>6,296</u>	<u>8,181</u>	<u>8,134</u>

The leases run for a period of one to two years. All rentals are fixed over the lease terms and do not include contingent rentals.

32. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 23, 24 and 25 to these Financial Information, the Group has the following related parties transactions during the Relevant Periods.

- (i) Significant related party transactions during the Relevant Periods which will be discontinued after listing of the Company's shares on the Stock Exchange.

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Management fee payable to ultimate holding company (note)	<u>120</u>	<u>120</u>	<u>120</u>
Interest paid to fellow subsidiaries (note 23)	991	893	786
Interest paid to a related company (note 23)	<u>15</u>	<u>10</u>	<u>10</u>
Rental paid to a fellow subsidiary (note)	<u>16</u>	<u>15</u>	<u>21</u>

Note: The terms of transaction were mutually agreed by the Group and the ultimate holding company/a fellow subsidiary.

- (ii) The ultimate holding company has guaranteed certain banking and finance lease facilities made to the Group for the bank borrowings and finance lease facilities at no consideration. As of the date of this report, the Group has obtained the consents from certain current lenders to release the financial guarantees provided by Mulpha, ultimate holding company, and the personal guarantee executed by a director of the Group by replacing them with financial guarantees provided by the Company upon the completion of the Listing. For those finance lease facilities that the Group cannot obtain a consent to release the financial guarantees, the Group will repay the finance lease facilities by its cash resources or borrowings from other financial institutions that will not require such financial guarantees upon the listing of the Company's shares on the Stock Exchange.
- (iii) Key management personnel compensation which are continuing transactions after listing of the company shares on the Stock Exchange.

	Year ended 31 December		
	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000
Directors and other members of key management			
Short-term employee benefits	1,966	1,746	1,685
Post employment benefit	<u>68</u>	<u>71</u>	<u>74</u>
	<u>2,034</u>	<u>1,817</u>	<u>1,759</u>

33. SIGNIFICANT NON-CASH TRANSACTIONS

During the years ended 31 December 2007, 2008 and 2009, additions to property, plant and equipment of approximately HK\$20,813,000, HK\$15,791,000 and HK\$38,076,000 were financed by finance leases.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to a variety of financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and fair value risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. It identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the board of directors.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's bank deposits and balances were bearing floating interest rates. The Group also have bank borrowings, trade payables, amounts due to fellow subsidiaries, amount due to related company and finance leases payables which bore interests at fixed and floating interest rates. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are approximately fixed when necessary.

(i) *Exposure*

The following table details the interest rate profile of the Group's financial instruments at the end of each of the Relevant Periods:

	At 31 December					
	Effective interest rate			Carrying amount		
	2007	2008	2009	2007	2008	2009
	%	%	%	HK\$'000	HK\$'000	HK\$'000
Variable rate instruments						
Financial assets						
Pledged bank deposits	3.6-4.4	1.3-4.0	0.4-1.0	10,568	9,596	9,838
Cash and cash equivalents	0.1-4.2	1.3-4.0	0.1-1.0	<u>22,483</u>	<u>19,470</u>	<u>45,970</u>
				<u>33,051</u>	<u>29,066</u>	<u>55,808</u>
Financial liabilities						
Bank borrowings	7.8-8.5	6.5-7.8	5.0	26,373	10,114	8,399
Amounts due to fellow subsidiaries	3.0-10.0	3.0-8.3	2.0-8.3	32,108	32,610	34,752
Amount due to a related company	10.0	8.3	8.3	<u>147</u>	<u>157</u>	<u>167</u>
				<u>58,628</u>	<u>42,881</u>	<u>43,318</u>
Fixed rate instruments						
Financial liabilities						
Trade payables	5.0-7.8	4.0-5.0	4.0-5.0	23,334	39,232	14,558
Finance lease payables	2.75-8.3	4.6-8.3	4.4-8.3	<u>46,613</u>	<u>48,289</u>	<u>68,319</u>
				<u>69,947</u>	<u>87,521</u>	<u>82,877</u>
Net exposure				<u>(95,524)</u>	<u>(101,336)</u>	<u>(70,387)</u>

The policies to manage interest rate risk have been followed by the Group consistently throughout the Relevant Periods.

(ii) *Sensitivity analysis*

The following table illustrates the sensitivity of profit after income tax and retained earnings for the Relevant Periods to a reasonably possible change in interest rates of +1%, with effect from the beginning of each of the Relevant Periods. These changes are considered to be reasonably possible based on observation of current market conditions and all other variables are held constant.

	Year ended 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Effect on profit after income tax for the year and retained earnings	<u>784</u>	<u>833</u>	<u>584</u>

A -1% change in interest rates would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(b) **Credit risk**

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The Group's maximum exposure to credit risk is limited to the carrying amounts of recognised financial assets at the end of each of the Relevant Periods as summarised below:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	24,133	21,901	31,274
Deposits and other receivables	3,153	3,466	3,381
Pledged bank deposits	10,568	9,596	9,838
Cash and cash equivalents	<u>22,483</u>	<u>19,470</u>	<u>45,970</u>
Overall net exposure	<u>60,337</u>	<u>54,433</u>	<u>90,463</u>

The Group continuously monitor defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties and customers.

The Group's management considers that all the above financial assets that are not impaired for each of the end of the Relevant Periods under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancement.

In respect of trade and other receivables and deposits, the Group is not exposed to any significant credit risk exposure to any single counterparty/customer or any group of counterparties/customers having similar characteristics. The credit risk for bank deposits and balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and it has operations in Hong Kong, Singapore, Vietnam and Macau. Income and expenses of the Group are primarily denominated in HK\$, Singapore Dollars ("S\$"), Euro ("EUR"), United States Dollars ("US\$") and Vietnamese Dong ("VND"). Thus, it is exposed to foreign currency risk from currency exposures.

The Group's sales are mainly denominated in HK\$, S\$ and US\$ while purchases are mainly denominated in HK\$, EUR, S\$ and US\$. EUR and US\$ are not the functional currencies of the Group entities to which these transactions relate.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The policies to manage foreign currency risk have been followed by the Group consistently throughout the Relevant Periods and are considered to be effective.

Since HK\$ are pegged to US\$, there is no significant exposure expected on US\$ transactions and balances arising in Hong Kong.

(i) *Exposure*

Foreign currency denominated financial assets and liabilities, translated into HK\$ at the closing rates, are as follows:

	EUR HK\$'000	USD HK\$'000
At 31 December 2007		
Trade receivables	—	101
Cash and cash equivalents	<u>111</u>	<u>3,977</u>
	<u>111</u>	<u>4,078</u>
Trade payables	<u>3,480</u>	<u>16,186</u>
At 31 December 2008		
Trade receivables	—	873
Cash and cash equivalents	<u>49</u>	<u>9,625</u>
	<u>49</u>	<u>10,498</u>
Trade payables	<u>3,795</u>	<u>32,558</u>
At 31 December 2009		
Cash and cash equivalents	<u>20</u>	<u>5,314</u>
Trade payables	<u>989</u>	<u>926</u>

(ii) *Sensitivity analysis*

The following table illustrates the sensitivity of the Group's profit after income tax and retained earnings in regards to 1% appreciation in the group entities' functional currencies against EUR and 1% against USD for each of the Relevant Periods. These rates are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of each of the Relevant Periods has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

	EUR <i>HK\$'000</i>	USD <i>HK\$'000</i>
At 31 December 2007		
Profit after income tax and retained earnings	28	100
At 31 December 2008		
Profit after income tax and retained earnings	31	187
At 31 December 2009		
Profit after income tax and retained earnings	8	36

The same % depreciation in the Group entities' functional currencies against the respective foreign currencies would have the same magnitude on the Group's profit after income tax and retained earnings as show above and equity but of opposite effect, on the basis that all variables remain constant.

(d) **Liquidity risk**

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, was as follows:

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cash flow <i>HK\$'000</i>	On demand <i>HK\$'000</i>	Less than one year <i>HK\$'000</i>	More than one year <i>HK\$'000</i>
At 31 December 2007					
Non-derivative financial liabilities					
- Trade payables	50,177	51,670	—	51,670	—
- Accruals and other payables	6,030	6,030	6,030	—	—
- Amounts due to fellow subsidiaries	33,902	33,902	33,902	—	—
- Amount due to a related company	147	147	147	—	—
- Amount due to ultimate holding company	17	17	17	—	—
- Bank borrowings	26,373	28,620	—	24,141	4,479
- Finance lease payables	<u>46,613</u>	<u>52,543</u>	<u>—</u>	<u>16,843</u>	<u>35,700</u>
	<u>163,259</u>	<u>172,929</u>	<u>40,096</u>	<u>92,654</u>	<u>40,179</u>
At 31 December 2008					
Non-derivative financial liabilities					
- Trade payables	69,830	71,595	—	71,595	—
- Accruals and other payables	7,593	7,593	7,593	—	—
- Amounts due to fellow subsidiaries	34,518	34,518	34,518	—	—
- Amount due to a related company	157	57	57	—	—
- Amount due to ultimate holding company	17	17	17	—	—
- Bank borrowings	10,114	10,947	—	10,947	—
- Finance lease payables	<u>48,289</u>	<u>53,306</u>	<u>—</u>	<u>19,503</u>	<u>33,803</u>
	<u>170,518</u>	<u>178,033</u>	<u>42,185</u>	<u>102,045</u>	<u>33,803</u>

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cash flow <i>HK\$'000</i>	On demand <i>HK\$'000</i>	Less than one year <i>HK\$'000</i>	More than one year <i>HK\$'000</i>
At 31 December 2009					
Non-derivative financial liabilities					
- Trade payables	31,587	32,242	—	32,242	—
- Accruals and other payables	8,102	8,102	8,102	—	—
- Amounts due to fellow subsidiaries	36,768	36,768	36,768	—	—
- Amount due to a related company	167	167	167	—	—
- Bank borrowings	8,399	9,449	—	2,205	7,244
- Finance lease payables	<u>68,319</u>	<u>75,484</u>	<u>—</u>	<u>33,554</u>	<u>44,930</u>
	<u>153,342</u>	<u>162,212</u>	<u>45,037</u>	<u>68,001</u>	<u>52,174</u>
Derivative financial liabilities					
Gross settled forward foreign exchange contracts					
- cash inflow	(4,924)	(4,924)	—	(4,924)	—
- cash outflow	<u>5,083</u>	<u>5,083</u>	<u>—</u>	<u>5,083</u>	<u>—</u>
	<u>159</u>	<u>159</u>	<u>—</u>	<u>159</u>	<u>—</u>

(e) Fair value

The fair values of the Group's financial assets and liabilities were not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair values of non-current liabilities were not disclosed because the carrying values were not materially different from the fair value.

(f) Fair value measurements recognised in the statement of financial position

The following table presents financial assets and liabilities measured at fair value in the combined statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the combined statements of financial position are grouped into the fair value hierarchy as follows:

	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2009			
Liabilities			
Derivative financial instruments	<u>159</u>	<u>—</u>	<u>159</u>

The methods and valuation techniques used for the purpose of measuring fair value are consistent throughout the Relevant Periods.

(g) Summary of financial assets and liabilities by category

The categories of financial assets and financial liabilities included in the combined statement of financial position and the headings in which they are included are as follows:

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets			
<u>Loans and receivables</u>			
- Trade receivables	24,133	21,901	31,274
- Deposits and other receivables	3,153	3,466	3,381
- Pledged bank deposits	10,568	9,596	9,838
- Cash and cash equivalents	<u>22,483</u>	<u>19,470</u>	<u>45,970</u>
	<u>60,337</u>	<u>54,433</u>	<u>90,463</u>
<u>At cost less impairment loss</u>			
- Available-for-sales investment	<u>580</u>	<u>580</u>	<u>580</u>
	<u>60,917</u>	<u>55,013</u>	<u>91,043</u>
Financial liabilities			
<u>At fair value through profit or loss</u>			
- Derivative financial instrument	<u>—</u>	<u>—</u>	<u>159</u>
<u>At amortised cost</u>			
- Trade payables	50,177	69,830	31,587
- Accruals and other payables	6,030	7,593	8,102
- Amounts due to fellow subsidiaries	33,902	34,518	36,768
- Amount due to a related company	147	157	167
- Amount due to ultimate holding company	17	17	—
- Bank borrowings			
- current	22,193	10,114	2,100
- non-current	4,180	—	6,299
- Finance lease payables			
- current	14,115	16,976	27,468
- non-current	<u>32,498</u>	<u>31,313</u>	<u>40,851</u>
	<u>163,259</u>	<u>170,518</u>	<u>153,342</u>
	<u>163,259</u>	<u>170,518</u>	<u>153,501</u>

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder returns.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital. Total debts are calculated as the sum of bank borrowings, finance lease payables, amounts due to fellow subsidiaries, a related company and ultimate holding company, as shown in the combined statements of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

	At 31 December		
	2007	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total debts			
Bank borrowings	26,373	10,114	8,399
Finance lease payables	46,613	48,289	68,319
Amounts due to fellow subsidiaries	33,902	34,518	36,768
Amount due to a related company	147	157	167
Amount due to ultimate holding company	<u>17</u>	<u>17</u>	<u>—</u>
	107,052	93,095	113,653
Less: bank deposits pledged for bank borrowings and finance lease payables	(10,568)	(9,596)	(9,838)
Cash and cash equivalents	<u>(22,483)</u>	<u>(19,470)</u>	<u>(45,970)</u>
Net debts	<u>74,001</u>	<u>64,029</u>	<u>57,845</u>
Total equity	<u>39,864</u>	<u>59,697</u>	<u>94,260</u>
Net debt to total equity ratio	<u>1.86:1</u>	<u>1.07:1</u>	<u>0.61:1</u>

36. EVENTS AFTER THE END OF EACH RELEVANT PERIODS

The companies now comprising the Group underwent and completed Group Reorganisation on 25 June 2010 in preparation for the listing of the shares of the Company on the Stock Exchange. Further details of the reorganisation are set out in the section headed "Corporate Reorganisation" in Appendix V to the Prospectus.

On 25 June 2010, written resolutions of the shareholder of the Company were passed to approve the matters set out in the section headed "Written Resolutions of the sole Shareholder" in Appendix V to the Prospectus.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Group in respect of any period subsequent to 31 December 2009.

Yours faithfully,

Grant Thornton

Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the accountants' report prepared by Grant Thornton, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only.

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on how the Share Offer might have affected the net tangible assets of the Group attributable to owners of the Company after the completion of the Share Offer.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 December 2009. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company had the Share Offer been completed as of 31 December 2009 or at any future dates.

	Unadjusted audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2009	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share
	<i>HK\$'000</i> <i>(note 1)</i>	<i>HK\$'000</i> <i>(note 2)</i>	<i>HK\$'000</i>	<i>HK\$</i> <i>(note 3)</i>
Based on an Offer Price of HK\$1.00 per Share	<u>92,744</u>	<u>38,108</u>	<u>130,852</u>	<u>0.65</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The unadjusted audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2009 is extracted from the Accountants' Report of the Company set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer is based on the indicative Offer Price of HK\$1 per Share, after deduction of the underwriting fees and other related expenses payable by our Company of approximately HK\$11,892,000. No account has been taken of the Share which may be issued upon the exercise of Offer Size Adjustment Option or options that may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 200,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed "Further Information about the Company and its subsidiaries" in Appendix V to this prospectus.
- (4) The property interests of the Group as at 30 April 2010 were valued by LCH (Asia-Pacific) Surveyors Limited. Details of the valuation in respect of these property interests were set out in Appendix III to this prospectus.

The revaluation surplus of the property interest classified as "building carried at cost" under property, plant and equipment of approximately HK\$7,826,000 will not be included in the Group's financial information for the year ending 31 December 2010. The Group's accounting policy is to state such property interest at cost less accumulated depreciation and any impairment loss rather than at revalued amount.

The revaluation surplus of the property interest classified as "land and building carried at fair value" under property, plant and equipment of approximately HK\$2,000 will be included in the Group's financial information for the year ending 31 December 2010. The Group's accounting policy is to state such property interest at valuation less accumulated depreciation and any impairment loss.

Had all the property interests been stated at such valuations, an additional depreciation of approximately HK\$284,000 would be charged for the year ending 31 December 2010.

- (5) The calculation of the unaudited pro forma adjusted net tangible assets has not taken into account of the capitalisation of approximately HK\$25,969,000 due to two fellow subsidiaries of the Company as detailed in note 23 to the Accountants' Report of the Company in Appendix I to this Prospectus. If the capitalisation has been included in the above calculation, the unaudited pro forma adjusted net tangible assets would have been increased.
- (6) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2009.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of report received from the reporting accountants of the Company, Grant Thornton, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.



Member of Grant Thornton International Ltd

30 June 2010

The Directors
Manta Holdings Company Limited

Dear Sirs,

We report on the unaudited pro forma financial information of Manta Holdings Company Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages II-1 to II-2 under the heading of “Unaudited Pro Forma Adjusted Net Tangible Assets” (the “Unaudited Pro Forma Financial Information”) in Appendix II of the Company’s prospectus dated 30 June 2010, in connection with the share offer of the Company (the “Prospectus”). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the share offer of the Company might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the Accountants’ Report of the Company as set out in Appendix I to the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as of 31 December 2009 or any future date.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Yours faithfully,

Grant Thornton

Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this document received from LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor firm, in connection with its valuation as at 30 April 2010 of the property interests of the Group.



利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL SERVICES VALUER

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 (the “IVS”) published by the International Valuation Standards Committee as well as the HKIS Valuation Standards on Properties, First Edition, 2005 (the “HKIS Standards”) published by the Hong Kong Institute of Surveyors (the “HKIS”). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to the valuer at the date of this report. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusions.

17th Floor
Champion Building
Nos. 287-291 Des Voeux Road Central
Hong Kong

30 June 2010

The Directors
Manta Holdings Company Limited
Unit H on 9th Floor
Valiant Industrial Centre
2-12 Au Pui Wan Street
Fo Tan, Shatin
New Territories
Hong Kong

Dear Sirs,

In accordance with the instructions given by the management of Manta Holdings Company Limited (hereinafter referred to as the “Company”) to us to value certain properties presently owned by the Company or its subsidiaries (collectively, together with the Company hereinafter referred to as the “Group”) in Hong Kong and Singapore and, to report the status of properties that rented by the

Group in Hong Kong, Singapore and Vietnam, we confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary to support our findings and conclusion of the properties as at 30 April 2010 (hereinafter referred to as the “Date of Valuation”) for incorporating into this prospectus for the Company’s shareholders’ reference.

We understand that the use of our work product (regardless of form of presentation) will form part of the Company’s due diligence but we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which the Company should conduct in reaching its business decision regarding the properties. Our work is designed solely to provide information that will give the management of the Company a reference in the course of its internal due diligence, and our work should not be the only factor to be referenced by the Company.

BASIS OF VALUATION AND ASSUMPTIONS

According to the IVS which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. In this engagement, we have provided our opinion of values of the properties owned by the Group on the market value basis.

The term “Market Value” is defined by the IVS and the HKIS Standards as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuations of properties in Groups I and II have been made on the assumptions, that

1. each of the legally interested parties in the properties has absolute title to its relevant property interest;
2. each of the legally interested parties in the properties has free and uninterrupted rights to assign its relevant property interest for the whole of the unexpired terms as granted, and any premiums payable have already been fully paid;
3. each of the legally interested parties in the properties sells its relevant property interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the subject property interest;
4. the properties are able to dispose and transfer free of all encumbrances (including but not limited to the cost of transaction) in the market; and
5. the properties can be freely transferred free of all encumbrances at the Date of Valuation for its existing uses in the market to both local and overseas purchasers without payment of any premium to the government.

Should this not be the case, it will have adverse impact to the values as reported.

Based on the purpose of this engagement and the market value basis of valuation, the management of the Company was requested to provide us the necessary documents to support the Group's titles to the properties in Groups I and II, and that the Group has free and uninterrupted rights to assign, to mortgage or to let its relevant property interests (in this instance, an absolute title) for the whole of the unexpired terms as granted.

In valuing the property in Group I in which the Government Lease had already expired before 30 June 1997, we have taken into account the provisions of Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the Government Leases Ordinance (Chapter 40 of the Laws of Hong Kong). According to the above document and ordinance, the lease had already been extended without premium until 30 June 2047, and that an annual rent at three per cent. of the rateable value of the property has been charged from the date of extension.

APPROACH TO VALUE

There are three generally accepted approaches to value in arriving at the market value of a property on an absolute title basis, namely the Market Approach, the Cost Approach and the Income Approach.

In valuing properties in Groups I and II, we have adopted the comparable sales method of the Market Approach (also called sales comparison approach) on the assumption that the properties are sold with the benefit of vacant possession as at the Date of Valuation. The comparable sales method considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute title.

RENTED PROPERTIES

Properties in Groups III, IV and V are subject to leasehold arrangements, and we have assigned no commercial values to such properties due mainly to the short-term nature of the tenancy agreements or prohibition against assignment or sub-letting or lack of substantial profit rents. For the purpose of this engagement, we have reported the status of such properties as at the Date of Valuation in this report for the Company's shareholders' information only.

MATTERS THAT MIGHT AFFECT THE VALUES REPORTED

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing on the properties. Unless otherwise stated, it is assumed that the properties are free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

In our valuations, we have assumed that each of the properties in Groups I and II is able to sell and purchase in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported values significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

As at the Latest Practicable Date of this prospectus, we are unable to identify any adverse news against the properties which may affect the reported values in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Date of Valuation, we reserve the right to adjust the values reported herein.

ESTABLISHMENT OF TITLES

The management of the Company provided us the necessary documents (including copies of tenancy agreements) to support that the legally interested party in the properties, i.e. the Group, has free and uninterrupted rights to assign or occupy the property interests free of all encumbrances and any premiums payable have already been paid in full or outstanding procedures have been completed. However, we have not inspected the original documents that filed in the relevant authorities to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals, and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the properties being valued.

We have caused searches to be made at the Land Registry regarding the properties in Groups I and II. We are unable to accept any responsibility for the information that contained in the search, or any liabilities against the property which were unrecorded at the time of our searches. In our valuations, we have assumed that the properties are free of all encumbrances.

For the sake of valuation and preparation of this report, we have been provided with copies of the title documents and legal opinions issued by TanJinHwee LLC and Tilleke & Gibbins Consultants Limited (the “Legal Opinions”) regarding the relevant titles and/or rights to use of the properties in Groups II, IV and V. We have relied solely on the Legal Opinions with regard to the Group’s titles and/or rights to use of such properties. Any responsibility for our misinterpretation of the Legal Opinions cannot be accepted.

All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal titles and the rights (if any) to the properties. Any responsibility for our misinterpretation of the documents cannot be accepted.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES IN ACCORDANCE WITH VALUATION STANDARD 4 OF THE HKIS STANDARDS

We have conducted inspection to the exterior, and where possible, the interior of the properties in respect of which we have been provided with such information as we have requested for the purpose of our valuations. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of the properties and our work product should not be taken as making any implied representation or statement about the condition of the properties. No structural survey, investigation or examination has been made, but in the course of our inspections,

we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to the utilities (if any) and we are unable to identify those utilities covered, unexposed or inaccessible.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made in the properties, and that the inspection and the use of this report do not purport to be a building survey of the properties.

We have not carried out on-site measurements to verify the correctness of the areas of the properties, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the properties did not include an independent land survey to verify the legal boundaries of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of such properties that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the properties should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the properties. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VALUATION STANDARD 5 OF THE HKIS STANDARDS

In the course of valuation, we have been provided with copies of the documents regarding the properties, and these copies have been referenced without further verifying with the relevant bodies and/or authorities. Our procedures to value did not require us to conduct any searches or inspected the

original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not attorney of laws by nature, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the management of the Company.

We have relied solely on the information provided by the management of the Company or its appointed personnel without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, titles, easements, tenure, rental, occupation, site and floor areas and all other relevant matters.

The scope of valuation has been determined by reference to the property list provided by the management of the Company. All properties on the list have been included in our report. The management of the Company has confirmed to us that it has no property interest other than those specified on the list supplied to us.

Unless otherwise stated, we have not carried out any valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of our work product.

Our valuations have been made only based on the advice and information made available to us. While a limited scope of general inquiries had been made to the local property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibility or liability is assumed.

Information furnished by others, upon which all or portions of our report are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our report.

When we adopted the work products from other professions, external data providers and the management of the Company in our valuations, the assumptions and caveats that adopted by them in arriving at their figures also applied in our report. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company. We have sought and received confirmation from the management of the Company that no material factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the management of the Company of material and latent facts that may affect the valuations.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars (“HK\$”). In valuing the property in Singapore, the adopted exchange rate was the prevailing rate as at the Date of Valuation, being S\$1 per HK\$5.67, and no significant fluctuation in exchange rate has been found between that date and the date of this report.

LIMITING CONDITIONS IN THIS REPORT

Our opinion of values of the properties in this report is valid only for the stated purpose and only for the Date of Valuation, and for the sole use of the named Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise this report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this prospectus to the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

The attached valuation certificate is prepared in line with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the guidelines contained in the HKIS Standards. The valuations have been undertaken by valuers (see End Note), acting as external valuers, qualified for the purpose of this valuation.

We retain a copy of this report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us.

The valuations of the properties depend solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported values significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion of values and we have no significant interest in the properties, the Group or the values reported.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Joseph Ho Chin Choi
B.Sc. PgDip RPS (GP)
Managing Director

Elsa Ng Hung Mui
B.Sc. M.Sc. RPS(GP)
Director

Contributing valuers:

Antony Milton *B.Sc. MRICS*

Terry Fung Chi Hang *B.Sc. M.Sc.*

Leslie Wong Tak Chiu *B.Sc. BBA*

Notes:

1. Mr. Joseph Ho Chin Choi has been conducting asset valuations and advisory work in Hong Kong, Macau, Taiwan, mainland China, Japan, South East Asia, Australia, Finland, Scotland, Germany, Poland, Argentina, Guyana, Brazil, Canada and the United States of America for various purposes since 1988.
2. Ms. Elsa Ng Hung Mui has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 8 years of experience in valuing properties in Singapore.
3. Both Mr. Joseph Ho Chin Choi and Ms. Elsa Ng Hung Mui are Members of The HKIS and are valuers on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.
4. In reporting the rented properties in Vietnam, Mr. Antony Milton, a qualified experienced valuer in Vietnam over 5 years experience and one of our associates, is responsible to the report.
5. Both Mr. Terry Fung Chi Hang and Leslie Wong Tak Chiu are graduated surveyors and have more than four years experience in valuing property interests in Hong Kong.

SUMMARY OF VALUES

Group I — Property held and occupied by the Group in Hong Kong and valued on market value basis

Property	Interest of the Group	Market Value in existing state to the Group as at 30 April 2010 HK\$
1. Unit H on 9th Floor Valiant Industrial Centre 2-12 Au Pui Wan Street Fo Tan, Shatin New Territories Hong Kong	100 per cent.	4,070,000
	Sub-total:	<u>4,070,000</u>

Group II — Property held and occupied by the Group under long-term leasehold arrangement with a conditional renewal term in Singapore and valued on market value basis

Property	Interest of the Group	Market Value in existing state to the Group as at 30 April 2010 HK\$
2. A factory complex located on MK7-1365-L at 10 Tuas Drive 2 Jurong Industrial Estate Singapore 638645	100 per cent.	12,470,000
	Sub-total:	<u>12,470,000</u>

Group III — Properties occupied by the Group under various operating leases in Hong Kong

Property	Market Value in existing state to the Group as at 30 April 2010 HK\$
3. Lot No. 1148 (part of) and Lot No. 1144 (part of) in Demarcation District No. 111 Wan Toi Shan, Kam Tin Yuen Long New Territories Hong Kong	No Commercial Value
4. Lot No. 1144 (part of), Lot No. 1145 (part of) and Lot No. 1147 in Demarcation District No. 111 Wan Toi Shan, Kam Tin Yuen Long New Territories Hong Kong	No Commercial Value
	<hr/>
Sub-total:	<hr/> Nil

Group IV — Property occupied by the Group under an operating lease in Singapore

Property	Market Value in existing state to the Group as at 30 April 2010 HK\$
5. A parcel of land referred to as Lot A 2581400 Shipyard Road Singapore	No Commercial Value
	<hr/>
Sub-total:	<hr/> Nil

Group V — Properties occupied by the Group under various operating leases in Vietnam

Property	Market Value in existing state to the Group as at 30 April 2010 HK\$
6. No. 827, National Road 13 Hiep Binh Phuoc Ward Thu Duc District Ho Chi Minh City Vietnam	No Commercial Value
7. 5th Floor 92 Calmette Nguyen Thai Binh Ward District 1 Ho Chi Minh City Vietnam	No Commercial Value
	<hr/>
	Sub-total: <u>Nil</u>
	Grand Total: <u><u>HK\$16,540,000</u></u>

VALUATION CERTIFICATE

Group I — Property held and occupied by the Group in Hong Kong and valued on market value basis

Property	Description and tenure	Particulars of occupancy	Market Value in existing state to the Group as at 30 April 2010
1. Unit H on 9th Floor Valiant Industrial Centre 2-12 Au Pui Wan Street Fo Tan, Shatin New Territories Hong Kong 22/5,500th shares of and in Sha Tin Town Lot Nos. 62, 63 and 64	<p>The property comprises a workshop on the 9th Floor of a 14-storeyed industrial building having a gross floor area and a saleable area of approximately 251.86 sq. m. (or 2,711 sq. ft.) and 206.52 sq. m. (or 2,223 sq. ft.), respectively. The building was completed in 1982.</p> <p>The property is subject to three various New Grant Nos. ST11288, ST11289 and ST11291 for a term of 99 years commencing from 1 July 1898.</p> <p>Under the New Territories Leases (Extension) Ordinance 1988 (Cap 150), the lease term of the said leases has already extended to 30 June 2047 at a Government Rent of 3 per cent. per annum of the rateable value of the property for the time being.</p>	As at the Date of Valuation, the property was occupied by the Group for office and storage purposes. (See Note 4).	HK\$4,070,000 (100% interest)

Notes:

1. The registered owner of the property is Manta Engineering and Equipment Company Limited vide an Assignment dated 16 August 1991 and registered in the Land Registry by Memorial No. ST602694 on 16 September 1991.
2. The property is subject to a legal charge in favour of Dao Heng Bank Limited dated 16 August 1991 and registered in the Land Registry by a Memorial No. ST602695 on 16 September 1991.
3. Manta Engineering and Equipment Company Limited is a wholly-owned subsidiary of the Company.
4. We are given to understand that the current use of the property for office portion is in compliance with the conditions of the occupation permit. For details of such disclosure, the readers should refer to the Business Section of this prospectus.

Group II — Property held and occupied by the Group under long-term leasehold arrangement with a conditional renewal term in Singapore and valued on market value basis

Property	Description and tenure	Particulars of occupancy	Market Value in existing state to the Group as at 30 April 2010
2. A factory complex located on MK7-1365-L at 10 Tuas Drive 2 Jurong Industrial Estate Singapore 638645	<p>The property comprises a single storeyed detached factory building with a mezzanine level office which was completed in approximately 1982 and erected on a parcel of land having a site area of approximately 5,699.7 sq. m. (or 61,351 sq. ft.).</p> <p>According to the information available to us, the factory complex has a gross floor area of approximately 1,332.7 sq. m. (or 14,345 sq. ft.).</p> <p>The property is subject to a land lease of 30 years plus a conditional renewed term of 25 years and 7 months commencing from 1 January 1982. The current land rent payable to Jurong Town Corporation is S\$6,291.80 per month (including 7% GST).</p>	The property as at the Date of Valuation was occupied by the Group for office and production purposes.	HK\$12,470,000 (100% interest)

Notes:

1. The lessee of the property is Manta Equipment (S) Pte Ltd and is a wholly-owned subsidiary of the Company.
2. The property is subject to a mortgage in favour of United Overseas Bank Limited notified on 25 February 2010.

Group III — Properties occupied by the Group under various operating leases in Hong Kong

Property	Description and tenure	Market Value in existing state to the Group as at 30 April 2010
3. Lot No. 1148 (part of) and Lot No. 1144 (part of) in Demarcation District No. 111 Wan Toi Shan Kam Tin Yuen Long New Territories Hong Kong	<p>The property comprises two consecutive parcels of adjoining land with a lettable area of approximately 4,181 sq. m. (or 45,000 sq. ft.).</p> <p>The property is rented to the Group for a term of 3 years commencing from 1 January 2010 to 31 December 2012 at a monthly rental of HK\$49,500 exclusive of Government Rates.</p> <p>The property is adjoining to Property 4 as described below and currently occupied by the Group for storage and ancillary supporting facilities purposes.</p> <p>There is a break clause to terminate the tenancy agreement after the first 24 months.</p>	No Commercial Value

Notes:

1. The registered owner of the property is Tang Ting (or Teng) Kwai Tso or Ting Kwai Tso with Tang Shu Kwong and Tang Sun Kuen as Managers vide Memorial No. YL926829 and dated 15 June 2000.
2. The lessor of the property is Fulland Development Limited which is an independent party to the Group.
3. The lessee of the property is Manta Equipment Rental Co., Ltd. and is a wholly-owned subsidiary of the Company.
4. We are advised that the property is liable to allegation of trespassing by the ultimate owners of the property. For details of such disclosure, the readers should refer to the Business Section of this prospectus.

Property	Description and tenure	Market Value in existing state to the Group as at 30 April 2010
4. Lot No. 1144 (part of), Lot No. 1145 (part of) and Lot No. 1147 in Demarcation District No. 111 Wan Toi Shan Kam Tin Yuen Long New Territories Hong Kong	<p>The property comprises three consecutive parcels of adjoining land with a lettable area of approximately 2,645 sq. m. (or 28,473 sq. ft.).</p> <p>The property is rented to the Group for a term of 3 years commencing from 1 January 2010 to 31 December 2012 at a monthly rental of HK\$31,320 exclusive of Government Rates.</p> <p>The property is adjoining to Property 3 as described above and currently occupied by the Group for storage and ancillary supporting facilities purposes.</p> <p>There is a break clause to terminate the tenancy agreement after the first 24 months.</p>	No Commercial Value

Notes:

1. The registered owner of the Remaining Portion of Lot. No. 1144 are Tang Ting (or Teng) Kwai Tso or Ting Kwai Tso with Tang Shu Kwong and Tang Sun Kuen as Managers vide Memorial No. YL926829 and dated 15 June 2000.

The registered owner of the Remaining Portion of Lot. No. 1145 is Leung Bik Shan Enterprises Ltd. vide Memorial No. YL227863 and dated 6 December 1979.

The registered owner of Lot No. 1147 is Shap Shing Tong with Tang Chi Keung and Tang Kam Ling as Managers vide Memorial No. YL183115 and dated 14 November 1974.
2. The lessor of the property is Fulland Development Limited which is an independent party to the Group.
3. The lessee of the property is Manta Equipment Rental Co., Ltd. and is a wholly-owned subsidiary of the Company.
4. We are advised that the property is liable to allegation of trespassing by the ultimate owners of the property. For details of such disclosure, the readers should refer to the Business Section of this prospectus.

Group IV — Property occupied by the Group under an operating lease in Singapore

Property	Description and tenure	Market Value in existing state to the Group as at 30 April 2010
5. A parcel of land referred to as Lot A 2581400 Shipyard Road Singapore	<p>The property comprises a parcel of land having a lettable area of approximately 3,252 sq. m. (or 35,000 sq. ft.).</p> <p>The property is rented to the Group for a term commencing from 8 September 2008 for 12 months and further extended for 1 year from 8 September 2009 to 7 September 2010 at a monthly rental of S\$29,960 including GST.</p> <p>The property is currently occupied by the Group for storage purpose.</p>	No Commercial Value

Notes:

1. The lessor of the property is Gold Machinery (S) Pte Ltd which is an independent party to the Group.
2. The lessee of the property is Manta Equipment (S) Pte Ltd and is a wholly-owned subsidiary of the Company.

Group V — Properties occupied by the Group under various operating leases in Vietnam

		Market Value in existing state to the Group as at 30 April 2010
Property	Description and tenure	
6. No. 827, National Road 13, Hiep Binh Phuoc Ward Thu Duc District Ho Chi Minh City Vietnam	<p>The property comprises a parcel of land having a lettable area of approximately 2,835 sq. m. (or 30,516 sq. ft.). There are some structures erected on the land and completed in 2003 for office purpose.</p> <p>The property is rented to the Group for a term of 5 years from 20 September 2005 to 19 September 2010 at a monthly rental of VND22,000,000.</p> <p>The property is currently occupied by the Group for storage facilities and ancillary office purposes.</p>	No Commercial Value

Notes:

1. The lessors of the property are Lu Van Ba and Mai Thi Loi and are independent parties to the Group.
2. The lessee of the property is Manta-Vietnam Construction Equipment Leasing Company Limited and is a subsidiary of the Company.
3. According to the legal opinion as prepared by the Vietnam legal adviser, Tilleke and Gibbins, the following opinions are noted:
 - (i) the Company, as a foreign invested company, generally may not lease land from Vietnamese individuals. For foreign invested companies in Vietnam, the only land leases allowed are those entered into directly with the Vietnamese government or authorised organisations such as industrial zone developers as the lessor;
 - (ii) in the Land Use Right Certificate, the land must be used only for residential purposes and/or for planting perennial crops. However, the Company is currently using the land for industrial/commercial purpose. For the use of land not in accordance with the Land Use Right Certificate, the administrative fine may be assessed to the landlord, and possibly Manta; and
 - (iii) since the lease will expire soon, this above risk is not significant. However, it is recommended that the Company find a new location to store/park the cranes and other equipment and enter into a service agreement with an entity/person that can provide such service (instead of a land lease).

Property	Description and tenure	Market Value in existing state to the Group as at 30 April 2010
7. 5th Floor 92 Calmette Nguyen Thai Binh Ward District 1 Ho Chi Minh City Vietnam	<p>The property comprises an office unit on the 5th Floor of a 7-storey office building which was completed in around 1996. The property has a usable area of approximately 30 sq. m (or 323 sq. ft.).</p> <p>The property having a total usable area of 30 sq.m. is rented to the Group for a period from 15 April 2010 to 15 January 2014 at a monthly rental of VND4,598,500 (or USD241).</p> <p>The property is currently occupied by the Group for office purpose.</p>	No Commercial Value

Notes:

1. The lessors of the property are Vo The Binh and Phan Thi Ngan and are independent parties to the Group.
2. The lessee of the property is Manta-Vietnam Construction Equipment Leasing Company Limited and is a subsidiary of the Company.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 March 2010 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 25 June 2010. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate for his shares. The Companies Law prohibits the issue of bearer shares to any person other than an authorised or recognised custodian defined in the Companies Law. The requirement on all service providers to implement appropriate due diligence procedures on the identity of a client in order to "know your client" as a result of proceeds of crime legislation mandates that special procedures should be followed when issuing bearer shares.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by two Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than four persons as joint holders of any share.

(b) **Directors**

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefore (whether by way of salary, commission, participation in profits or

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

APPENDIX IV SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

- (dd) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a member or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or
- (ff) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

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The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election. There is no shareholding qualification for Directors.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least seven days.

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A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

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From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) *Borrowing powers*

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) *Register of Directors and officers*

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers.

(x) *Proceedings of the Board*

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) *Alterations to the constitutional documents*

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

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(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (i) increase its share capital by the creation of new shares of such amount as it thinks expedient; (ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (iii) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (iv) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (v) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (vi) make provision for the allotment and issue of shares which do not carry any voting rights; (vii) change the currency of denomination of its share capital; and (viii) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution - majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a

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majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than fourteen clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

- (i) the chairman of the meeting; or
- (ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

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- (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) **Annual general meetings**

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

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The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than twenty-one days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the

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Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (i) the declaration and sanctioning of dividends;
- (ii) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (iii) the election of Directors in place of those retiring;
- (iv) the appointment of auditors;
- (v) the fixing of the remuneration of the Directors and of the auditors;
- (vi) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (vii) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) **Transfer of shares**

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

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Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a newspaper circulating generally in Hong Kong or, where applicable, any other newspapers in accordance with the requirements of the Stock Exchange, at such times and for such periods as the Board may determine. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(1) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

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Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (ii) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of

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joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the moneys so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled

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to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

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A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

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Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) **Untraceable members**

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and three months period (being the three months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

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(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 11 March 2010 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) in the redemption and repurchase of shares (in accordance with the detailed provisions of section 37 of the Companies Law);

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- (iv) writing-off the preliminary expenses of the company;
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (vi) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner of purchase, a company cannot purchase any of its own shares without the manner of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

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A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details).

(f) **Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i) an act which is ultra vires the company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

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(g) Disposal of assets

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking for the Company is for a period of twenty years from 23 March 2010.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments. The Cayman Islands are not a party to any double tax treaties.

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(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as the directors may, from time to time, think fit. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the members so resolve in general meeting by special resolution, or, by ordinary resolutions when the company is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

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In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed off, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

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(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES**1. Incorporation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 March 2010.

The Company's registered office is at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company has established a principal place of business and head office in Hong Kong at Unit H, 9/F, Valiant Industrial Centre, 2-12, Au Pui Wan Street, Fotan, New Territories, Hong Kong and was registered as an oversea company in Hong Kong under Part XI of the Companies Ordinance on 23 April 2010. Mr. Lai of 19C, Tower 6, Ocean Shores, 88 O King Road, Tseung Kwan O, New Territories, Hong Kong and Mr. Tsui Wing Tak of Flat G, 32/F, Tower 7, 2 Mei Tung Street, Tung Chung Crescent, Phase 2, Tung Chung, Lantau Island, Hong Kong have been appointed as the authorised representatives of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

As the Company is incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution, which comprises a memorandum of association and the Articles. A summary of various parts of the constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of the Company

- (a) As at the date of incorporation of the Company, its authorised share capital was HK\$50,000 divided into 5,000,000 Shares of par value HK\$0.01 each. Following incorporation, one Share was allotted and issued at par to Reid Services Limited, the sole subscriber of the Company. Reid Services Limited subsequently transferred its one Share to Jumbo Hill.
- (b) Pursuant to the written resolutions of the sole Shareholder passed on 25 June 2010, the authorised share capital of the Company was increased from HK\$50,000 to HK\$2,000,000,000 comprising 200,000,000,000 Shares of HK\$0.01 each by creation of additional 199,995,000,000 Shares.
- (c) On 25 June 2010, the Company allotted and issued 99,999,999 Shares, as to 87,999,999 Shares to Jumbo Hill and as to 12,000,000 Shares to Pan Ocean, all credited as fully paid, in consideration of the transfer by each of Jumbo Hill and Pan Ocean to the Company of their respective interests in Chief Strategy and Gold Lake.
- (d) On 25 June 2010, Pan Ocean transferred its entire shareholding in the Company, namely 12,000,000 Shares, to Jumbo Hill at the consideration of S\$1,768,000.

- (e) On 25 June 2010, 31,550,000 new Shares were allotted and issued to Jumbo Hill at the price of approximately HK\$0.81 per Share upon capitalisation of the outstanding shareholder's loan owed by the Group to the Mulpha Group in the sum of S\$4,278,328 and HK\$2,033,490.

Immediately following the completion of the Loan Capitalisation and the Capitalisation Issue and the Share Offer (but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option), the issued share capital of the Company will be HK\$2,000,000 divided into 200,000,000 Shares of HK\$0.01 each, all fully paid or credited as fully paid and 199,800,000,000 Shares of HK\$0.01 each will remain unissued.

Other than pursuant to the exercise of the Offer Size Adjustment Option and the issue of Shares upon the exercise of options which may be granted pursuant to the Share Option Scheme, there is no intention to issue any of the authorised but unissued share capital of the Company.

Save as disclosed herein and as mentioned in the following paragraph headed "Written resolutions of the sole Shareholder", there has been no alteration in the share capital of the Company since the date of its incorporation.

3. Written resolutions of the sole Shareholder

Pursuant to the written resolutions of the sole Shareholder passed on 25 June 2010:

- (a) the Company approved and adopted the Articles, the terms of which are summarised in Appendix IV to this prospectus;
- (b) the authorised share capital of the Company was increased from HK\$50,000 to HK\$2,000,000,000 by the creation of 199,995,000,000 additional Shares;
- (c) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer, the Loan Capitalisation and the Capitalisation Issue (including any additional Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or options which may be granted under the Share Option Scheme); and (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreement:
 - (i) the Share Offer was approved and the Directors were authorised to allot and issue the Shares pursuant to the Share Offer;
 - (ii) the Offer Size Adjustment Option was approved and the Directors were authorised to effect the same and to allot and issue the additional Shares upon the exercise of the Offer Size Adjustment Option;

- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in this Appendix, were approved and adopted and the Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;
 - (iv) the capitalisation of the outstanding shareholder’s loan owed by the Group to the Mulpha Group in the sum of S\$4,278,328 and HK\$2,033,490, pursuant to which 31,550,000 Shares would be issued to Jumbo Hill at the price of approximately HK\$0.81 per Share, was approved and the Directors were authorised to allot and issue such new Shares; and
 - (v) conditional on the share premium account of the Company being credited as a result of the issue of the Shares by the Company pursuant to the Share Offer, the Directors were authorised to capitalise an amount of HK\$184,500 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 18,450,000 Shares. Such Shares to be allotted and issued to the Shareholder whose name appears on the register of members of the Company on the date of the written resolutions.
- (d) a general mandate was given to the Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the Offer Size Adjustment Option or the options under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
- (e) a general mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase Shares on the Stock Exchange or on any other approved stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or equivalent rules or regulations of any other stock exchanges as amended from time to time, and such number of Shares will represent up to 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue (but taking no account of any Shares which may be allotted and

issued pursuant to the exercise of the Offer Size Adjustment Option or the options under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

- (f) the general mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10% of the total nominal value of the share capital of the Company in issue immediately following completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue (without taking into account any Shares falling to be issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme).

4. Corporate Reorganisation

The Group underwent the Reorganisation in preparation for the Listing. The Reorganisation involved the following:

- (a) Chief Strategy was incorporated in the BVI on 18 March 2010, to act as the intermediate holding company of the Group for those companies principally involved in the business of the Group in Hong Kong. The authorised share capital of Chief Strategy upon incorporation is US\$50,000 divided into 50,000 shares of US\$1.00 each (each, a “**BVI(HK) Share**”).
- (b) Gold Lake was incorporated in the BVI on 18 March 2010, to act as the intermediate holding company of the Group for those companies principally involved in the business of the Group in Singapore. The authorised share capital of Gold Lake upon incorporation is US\$50,000 divided into 50,000 shares of US\$1.00 each (each, a “**BVI(S)Share**”).
- (c) On 25 June 2010, Chief Strategy acquired those companies principally involved in the Group’s business in Hong Kong, namely Manta Engineering, Manta Rental and Manta Services, from their beneficial owners. The consideration for the acquisition has been satisfied by the allotment and issue, credited as fully paid, of a total of 300 BVI(HK) Shares to the beneficial owners. The consideration for the acquisition of each of Manta Engineering, Manta Rental and Manta Services was satisfied by the allotment and issue of 100 BVI(HK) Shares, as to 1 BVI(HK) Share to Mulpha Trading, as to 87 BVI(HK) Shares to Manta Far East and as to 12 BVI(HK) Shares to Pan Ocean, all credited as fully paid.

- (d) On 25 June 2010, Mulpha Trading directed Chief Strategy to allot and issue the 3 BVI(HK) Shares to Jumbo Hill, an indirectly wholly-owned subsidiary of Mulpha Trading.
- (e) On 25 June 2010, Manta Far East directed Chief Strategy to allot and issue the 261 BVI(HK) Shares to Jumbo Hill.
- (f) On 25 June 2010, Gold Lake acquired the entire share capital of Manta Singapore from its beneficial owners. The consideration for the acquisition was satisfied by the allotment and issue of 100 BVI(S) Shares, as to 88 BVI(S) Shares to Mulpha Trading and as to 12 BVI(S) Shares to Pan Ocean, all credited as fully paid.
- (g) On 25 June 2010, Mulpha Trading directed Gold Lake to allot and issue the 88 BVI(S) Shares to Jumbo Hill.
- (h) On 25 June 2010, the Company acquired Chief Strategy and Gold Lake from their respective direct shareholders, namely Jumbo Hill and Pan Ocean. The consideration for the acquisition was satisfied by (i) allotment and issue of 99,999,999 Shares as to 87,999,999 Shares to Jumbo Hill and as to 12,000,000 Shares to Pan Ocean, all credited as fully paid.
- (i) On 25 June 2010, Pan Ocean transferred its entire shareholding in the Company, namely 12,000,000 Shares to Jumbo Hill at the consideration of S\$1,768,000 in cash, representing approximately 12% discount to the aggregated net asset value of the Company, its Subsidiaries and associated companies as represented by the 12,000,000 Shares.
- (j) On 25 June 2010, the outstanding shareholder's loan owed by the Group to the Mulpha Group in the sum of S\$4,278,328 and HK\$2,033,490 was capitalised, pursuant to which 31,550,000 new Shares were issued to Jumbo Hill at the price of approximately HK\$0.81 per Share, representing approximately 12% discount to the net asset value of the Company, its Subsidiaries and associated companies.

5. Changes in the share capital of subsidiaries of the Company

The Company's Subsidiaries are referred to in the Accountants' Report of the Company, the text of which is set out in Appendix I to this prospectus.

Within the two years immediately preceding the date of this prospectus, changes in share capital of the following Subsidiaries of the Company have taken place:

- (a) On 7 November 2008, the authorised share capital of Manta Rental was increased from HK\$200,000 divided into 2,000 shares of HK\$100 each to HK\$9,700,000 divided into 97,000 shares of HK\$100 each by creation of 95,000 shares of HK\$100 each.
- (b) On 7 November 2008, Manta Far East and Pan Ocean were allotted and issued 83,587 shares and 11,413 shares of Manta Rental at the subscription price of HK\$8,358,700 and HK\$1,141,300 respectively.
- (c) On 25 June 2010, Chief Strategy allotted and issued 100 BVI(HK) Shares, as to 1 BVI(HK) Share to Mulpha Trading, as to 87 BVI(HK) Shares to Manta Far East and as to 12 BVI(HK) Shares to Pan Ocean, all credited as fully paid, in consideration of the transfer by each of Mulpha Trading, Manta Far East and Pan Ocean to Chief Strategy their respective interests in Manta Engineering. Each of Mulpha Trading and Manta Far East directed Chief Strategy to allot and issue the BVI(HK) Shares to Jumbo Hill.
- (d) On 25 June 2010, Chief Strategy allotted and issued 100 BVI(HK) Shares, as to 1 BVI(HK) Share to Mulpha Trading, as to 87 BVI(HK) Shares to Manta Far East and as to 12 BVI(HK) Shares to Pan Ocean, all credited as fully paid, in consideration of the transfer by each of Mulpha Trading, Manta Far East and Pan Ocean to Chief Strategy their respective interests in Manta Rental. Each of Mulpha Trading and Manta Far East directed Chief Strategy to allot and issue the BVI(HK) Shares to Jumbo Hill.
- (e) On 25 June 2010, Chief Strategy allotted and issued 100 BVI(HK) Shares, as to 1 BVI(HK) Share to Mulpha Trading, as to 87 BVI(HK) Shares to Manta Far East and as to 12 BVI(HK) Shares to Pan Ocean, all credited as fully paid, in consideration of the transfer by each of Mulpha Trading, Manta Far East and Pan Ocean to Chief Strategy their respective interests in Manta Services. Each of Mulpha Trading and Manta Far East directed Chief Strategy to allot and issue the BVI(HK) Shares to Jumbo Hill.
- (f) On 25 June 2010, Gold Lake allotted and issued 100 BVI(S) Shares, as to 88 BVI(S) Share to Mulpha Trading, as to 12 BVI(S) Shares to Pan Ocean, all credited as fully paid, in consideration of the transfer by each of Mulpha Trading and Pan Ocean to Gold Lake their respective interests in Manta Singapore. Mulpha Trading directed Gold Lake to allot and issue the BVI(S) Shares to Jumbo Hill.

Saved as disclosed in this prospectus and except as referred to in this paragraph, there has been no alteration in the share capital of any of the Subsidiaries of the Company within the two years preceding the date of this prospectus.

6. Repurchase by the Company of its own securities

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(A) *Provisions of the Listing Rules*

The Listing Rules permit a company listed on the Stock Exchange whose primary listing is on the Stock Exchange to repurchase in cash their securities on the Stock Exchange subject to certain restrictions, a summary of which is set out below:

(i) *Shareholders' approval*

All repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the sole Shareholder on 25 June 2010, a general mandate (the "Repurchase Mandate") was granted to the Directors authorising them to exercise all powers for and on behalf of the Company to repurchase its Shares on the Stock Exchange, or on any other approved stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option) at any time until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held or when such mandate is revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.

(ii) *Source of funds*

Any repurchase by the Company may only be funded out of funds legally available for such purpose in accordance with its memorandum of association and the Articles, and the applicable laws and regulations of the Cayman Islands and Hong Kong.

(iii) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 200,000,000 Shares in issue immediately after completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue (but taking no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme) and on the basis of 207,500,000 Shares in issue immediately after completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue (taking no account of any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme but assuming the exercise of the Offer Size Adjustment Option in full), could accordingly result in up to 20,000,000 Shares and 20,750,000 Shares, respectively being repurchased by the Company during the period prior to the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles and applicable laws to be held; or
- (c) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

(iv) *Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market at any time, subject to market conditions, during the period when the Repurchase Mandate is in force. The Directors believe that the repurchases of Shares will enhance the return on equity of the Company, and will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.

(v) *Funding of repurchases*

In repurchasing its Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Articles and the applicable laws of Hong Kong and the Cayman Islands. It is envisaged that the Company would derive the funds from its distributable profits for the repurchases.

On the basis of the Company's current financial position as disclosed in this prospectus and taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, there might be a material adverse effect on the working capital and/or gearing position of the Company as compared with the position disclosed in this prospectus. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

(B) *General*

None of the Directors, and to the best of their knowledge, having made all reasonable enquiries, any associates of any Director, has any present intention to sell any Shares to the Company if the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert could as a result of increase of its or their interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of the Shares pursuant to the Repurchase Mandate. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS


Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the two years preceding the date of this prospectus and are or may be material in relation to the business of the Company taken as a whole:

- (a) the Underwriting Agreement, the principal terms of which are summarised in the paragraph headed "Underwriting arrangements and expenses" under the section headed "Underwriting" of this prospectus;
- (b) a deed of indemnity dated 25 June 2010 executed by Mulpha, in favour of the Company containing indemnities referred to in the paragraph headed "Estate duty, tax and other indemnities" in the section headed "Other information" of this appendix;
- (c) a deed of non-competition dated 25 June 2010 executed by the Controlling Shareholders in favour of the Company referred to in the section "Business — Non-competition Undertaking";
- (d) the share swap agreement dated 25 June 2010 between Jumbo Hill, Pan Ocean, Mulpha and the Company for the sale and purchase of the entire issued share capital of Chief Strategy and Gold Lake;
- (e) the loan capitalisation agreement dated 25 June 2010 between Mulpha and the Company in relation to the capitalisation of the shareholder's loan owed by the Group to the Mulpha Group.

C. INTELLECTUAL PROPERTY RIGHTS OF THE GROUP**(a) Trademark**

As at the Latest Practicable Date, we are in the process of registering the following trademark in Hong Kong, Macau, Singapore and Vietnam for our crane leasing and trading business.

Trademark	Place of registration	Class	Status	Application number	Date of application/ filing
	Hong Kong	7, 37, 42	Pending	301564533	16 March 2010
	Macau	7, 37, 42	Pending	N/48543	7 April 2010
				N/48544	
				N/48545	
	Singapore	7, 37, 42	Pending	258022	20 April 2010
Vietnam	7, 37, 42	Pending	4-2010-07484	12 April 2010	

Save as disclosed above, our business or profitability is not dependent on any patent or license or any other intellectual property rights. We rely on various intellectual property laws, especially trademark laws, to protect our proprietary rights. We recognise the importance of protecting and enforcing intellectual property rights. As at the Latest Practicable Date, we were not aware of any material infringement of our intellectual property rights and we believe that we have taken all reasonable measures to prevent any infringement of any third party intellectual property rights.

(b) Domain Names

As at the Latest Practicable Date, Manta Rental is the registered proprietor of the domain name www.mantagroup.com.hk and Manta Singapore is the registered proprietor of the domain name www.mantasin.com.sg.

Save as disclosed above, there are no other intellectual property rights which are material in relation to the business of the Group.

D. DISCLOSURE OF INTERESTS**1. Substantial Shareholders**

So far as the Directors are aware, immediately following the completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue, but taking no account of any Shares which may be taken up or acquired under the Share Offer or which may be allotted and issued pursuant to the Share

Option Scheme or the exercise of the Offer Size Adjustment Option), the persons (other than the Directors or chief executive of the Company) with interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register of the Company required to be kept under section 336 of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group will be as follows:

Name of Shareholder	Nature of interests	Total number of Shares (Note 1)	Percentage of shareholding
Jumbo Hill	Beneficial interest	150,000,000 (L)	75%
Mulpha Strategic Limited (Note 2)	Interest in a controlled corporation	150,000,000 (L)	75%
Mulpha Trading Sdn Bhd (Note 3)	Interest in a controlled corporation	150,000,000 (L)	75%
Mulpha (Note 4)	Interest in a controlled corporation	150,000,000 (L)	75%

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the Shares.
- (2) Mulpha Strategic Limited is the holding company of Jumbo Hill holding 100% interest in it.
- (3) Mulpha Trading Sdn Bhd is the holding company of Mulpha Strategic Limited holding 100% interest in it.
- (4) Mulpha is the holding company of Mulpha Trading Sdn Bhd and is listed on the Main Market of Bursa Malaysia Securities Berhad. Madam Yong Pit Chin and her son, Mr. Lee Seng Huang (who is the chairman of Mulpha), control approximately 34.80% of the issued share capital of Mulpha.

2. Interests of Directors in the share capital of the Company and its associated corporations

Immediately following completion of the Share Offer and taking no account of any Shares which may be allotted and issued upon the exercise of the options granted under the Share Option Scheme or the exercise of the Offer Size Adjustment Option or any Shares which may fall to be allotted and issued or repurchased by the Company pursuant to the mandates as referred to in the section headed “Further information about the Company and its Subsidiaries” in this Appendix, there are no interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

3. Particulars of Directors' service contracts and Directors' remuneration

Particulars of service contracts

Each of the executive Directors has entered into a service contract with the Company. Each of Mr. Chung and Mr. Quek has entered into a service contract with the Company for a term of three years commencing from the date of commencement of trading in the Shares on the Stock Exchange and will continue thereafter for successive terms of one year until terminated by not less than three months' notice in writing served by either party or the other. Mr. Lai has entered into a service contract with the Company for a term of one year commencing from the date of commencement of trading in the Shares on the Stock Exchange.

Each of Mr. Cheung Chi Wai Vidy, Mr. Lau Wing Yuen and Mr. Louie Chun Kit has signed a letter of appointment dated 25 June 2010 with the Company under which he agreed to act as an independent non-executive Director for a period of three years unless terminated in accordance with the terms of the appointment letter.

Save as disclosed above, none of the Directors has or is proposed to have any service agreement with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

The aggregate remuneration paid by the Company to the Directors in respect of the years ended 31 December 2007, 2008 and 2009 were approximately HK\$2.0 million, HK\$1.8 million and HK\$1.8 million respectively.

We reimburse the Directors for expenses which are necessarily and reasonably incurred for providing services to the Company or executing their functions in relation to the operations of the Company. The executive Directors are also employees of the Company and receive, in their capacity as employees of the Company, certain compensation.

Prior to the Listing, the remuneration policy of the Group to reward its employees and directors is based on their performance, qualifications, competence displayed and market comparables. Remuneration package typically comprises salary, housing allowances, contribution to pension schemes and bonuses relating to the profit of the relevant company.

Upon and after the Listing, the remuneration package of the executive Directors and the senior management will be linked more closely to the performance of the Group and the return to its Shareholders. The remuneration committee will review annually the remuneration of all the Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

None of the directors or any past directors of any member of the Group has been paid any sum of money for each of the years ended 31 December 2007, 2008 and 2009:

- (i) as an inducement to join or upon joining the Group; or

- (ii) for loss of office as a director of any member of the Group or any other notice in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the years ended 31 December 2007, 2008 and 2009. Save as disclosed in this prospectus, no remuneration or benefit in kind has been made or is payable, in respect of the years ended 31 December 2007, 2008 and 2009 by the Group to or on behalf of any of the Directors.

4. Personal guarantees

We expect that immediately after Listing, none of the Directors would be required to provide personal guarantees in favor of lenders in connection with the existing banking facilities to the Group.

5. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of the Group.

6. Related party transactions

The Group had entered into related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 32 headed "Related party transactions" of the Accountants' Report of the Company set out in Appendix I to this prospectus and the section headed "Connected transactions" of this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Share Offer, the Directors are not aware of any person who will, immediately following the completion of the Share Offer, have an interest or short position in the Shares or underlying shares of the Company which will have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of the Company;
- (b) none of the Directors or chief executive of the Company will have an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

- (c) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” of this appendix is interested in the promotion of the Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;
- (e) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” of this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (f) none of the Directors has any existing or proposed service contracts with the Company (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and;
- (g) no remuneration or other benefits in kind have been paid by the Company to any Director since the date of incorporation of the Company, nor are any remuneration or benefits in kind payable by the Company to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

E. SHARE OPTION SCHEME

Share Option Scheme

For the purpose of this section only, unless the context otherwise requires, the following words shall have the following meanings:

“Adoption Date”	the date on which this Scheme becomes unconditional upon fulfillment of all the conditions set out in the Scheme;
“Auditors”	the auditors for the time being of the Company;
“Commencement Date”	in respect of any particular Option, the date upon which the Option is deemed to be granted and accepted in accordance with the terms and conditions of the Scheme;

“Eligible Participant”	any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any Subsidiary (including any director of the Company or any Subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any Subsidiary at the time when an Option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the board of Directors, has contributed or may contribute to the Group;
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms and conditions of the Scheme or, where the context so permits, his Personal Representative(s);
“Holding Company”	a company which is, for the time being and from time to time, a holding company of the Company (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)), whether incorporated in the Cayman Islands, Hong Kong or elsewhere;
“Offer”	an offer for the grant of an Option made in accordance with the Scheme;
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant;
“Option”	an option to subscribe for Shares granted pursuant to the Scheme;
“Option Period”	in respect of any particular Option, a period (which may not expire earlier than three years and later than ten years from the date of grant of that particular Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the date of acceptance of the Offer of such Option to the earlier of the date on which such Option lapses under the provisions of the Scheme or 10 years from the Offer Date of that particular Option;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);
“Scheme”	the Share Option Scheme in its present form or as may be amended from time to time in accordance with the Scheme;

“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the Scheme;
“Termination Date”	close of business of the Company on the date which falls ten years after the Adoption Date.

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted pursuant to written resolutions of the sole Shareholder passed on 25 June 2010:

(i) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to provide incentive and/or reward to Eligible Participants for their contribution to, and continuing efforts to promote the interest of, the Group.

(ii) *Who may join*

Subject to the terms of the Share Option Scheme, the board of Directors shall be entitled at any time within the period of ten (10) years after the date of adoption of the Share Option Scheme to make an offer to any of the Eligible Participants.

(iii) *Maximum number of Shares*

- (aa) Notwithstanding anything to the contrary in the Share Option Scheme, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately upon completion of the Share Offer, the Loan Capitalisation and the Capitalisation Issue (excluding any Shares that may be issued upon exercise of the Offer Size Adjustment Option), unless the Company obtains the approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating such 10% limit.

- (cc) The 10% limit set out in sub-paragraph (bb) (“Scheme Mandate Limit”) may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that (a) the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit as renewed shall not exceed 10% of the total number of Shares in issue as at the date of Shareholders’ approval for refreshing the Scheme Mandate Limit; (b) options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, outstanding, cancelled, or lapsed in accordance with the relevant scheme rules) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed; and (c) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, Chapter 17 of the Listing Rules.
- (dd) The Company may seek separate approval from the Shareholders in general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that (a) the grant is only to Eligible Participants specifically identified by the Company before the approval is sought; and (b) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules and any other applicable laws and rules.

(iv) *Maximum entitlement of each Eligible Participant*

No Option shall be granted to any Eligible Participant if any further grant of Options would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue, unless:

- (aa) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the relevant Eligible Participant and his associates shall abstain from voting;
- (bb) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the relevant Eligible Participant, the number and terms of the Options to be granted and Options previously granted to such relevant Eligible Participant); and
- (cc) the number and terms (including the Subscription Price) of such Option are fixed before the general meeting of the Company at which the same are approved.

(v) *Grant of Options to connected persons*

(aa) Where an Option is to be granted to a connected person (or any of their respective associates) of the Company, the grant shall not be valid unless it has been approved by the independent non-executive Directors, excluding any independent non-executive Director who is a prospective grantee of the Option.

(bb) Where an Option is to be granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (1) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant; and
- (2) exceeding an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK\$5 million,

such grant shall not be valid unless:

- (3) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, in particular, a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee of the Option) to the independent Shareholders as to voting); and
- (4) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which all connected persons of the Company shall abstain from voting in favour of the grant.

(cc) Where any change is to be made to the terms of any Option granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless:

- (1) a circular regarding the change has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- (2) the change has been approved by the Shareholders in general meeting (taken on a poll), at which all connected persons of the Company shall abstain from voting; provided that a connected person of the Company may vote against the resolution if his intention so to do has been stated in the circular.

(vi) *Time of acceptance and exercise of an Option*

An offer of grant of an Option may be accepted by an Eligible Participant within the date as specified in the Offer issued by the Company, being a date not later than 21 days after (aa) the date on which the Offer was issued, or (bb) the date on which the conditions (if any) for the Offer are satisfied, provided that such date shall not be more than ten years after the date of adoption of the Share Option Scheme.

A consideration of HK\$1.00 is payable for each acceptance of grant of option(s). Such consideration shall in no circumstances be refundable.

An Option may be exercised in whole or in part by the Grantee (or his Personal Representatives) at anytime before the expiry of the period to be determined and notified by the board of Directors to the Grantee which in any event shall not be longer than ten years commencing on the Offer Date and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Scheme and provided that the board of Directors may determine the minimum period for which the Option has to be held or other restrictions before the exercise of the subscription right attaching thereto.

(vii) *Performance targets*

There is no performance target that has to be achieved before the exercise of any option.

(viii) *Subscription Price for Shares*

The Subscription Price of a Share in respect of any particular Option granted under the Scheme shall be a price determined by the board of Directors and notified to an Eligible Participant, and shall be at least the highest of:

- (aa) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day;
- (bb) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the Offer Date; and
- (cc) the nominal value of a Share.

Where an Option is to be granted, the date of the board meeting at which the grant was proposed shall be taken to be the offer date for such Option. For the purpose of calculating the Subscription Price, where an Option is to be granted less than five (5) business days after the listing of the Shares on the Stock Exchange, the price at which the Shares is issued to the public pursuant to the Share Offer shall be taken to be the closing price for any business day before Listing.

(ix) *Ranking of Shares*

The Shares to be allotted and issued upon the exercise of an Option shall be subject to the Company's constitutional documents for the time being in force and shall rank pari passu in all respects with the fully-paid Shares in issue as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(x) *Restrictions on the time of grant of Options*

No Option shall be granted to any Eligible Participant after a price sensitive development concerning the Group has occurred or a price sensitive matter concerning the Group has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for the Company to publish an announcement of its results for any financial year or half financial year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option shall be granted; nor should any Offer be made to any Eligible Participant during any other periods of time stipulated by the relevant rules of the Listing Rules from time to time in relation to any restriction on the time of grant of Options.

(xi) *Period of the Share Option Scheme*

Subject to earlier termination by the Company in general meeting or the board of Directors, the Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Scheme, after which period no further Option shall be granted. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding on the expiration of the 10-year period referred to in this paragraph, the provisions of the Scheme shall remain in full force and effect.

(xii) *Rights on cessation of employment*

Subject to sub-paragraph (xiii) and (xxi)(ee), where the holder of an outstanding Option ceases to be an Eligible Participant for any reason, the Option shall lapse on the date of cessation and not be exercisable unless the board of Directors otherwise determines in which event the Option shall be exercisable to the extent and within such period (not exceeding 90 days) as the board of Directors may determine. The date of such cessation shall be (aa) if he is an employee of the Company or any Subsidiary, his last actual working day at his work place with the Company or any Subsidiary whether salary is paid in lieu of notice or not; or (bb) if he is not an employee of the Company or any Subsidiary, the date on which his relationship with the Group which has constituted him an Eligible Participant ceases.

(xiii) *Rights on death*

Where the grantee of an outstanding Option dies before exercising the Option in full or at all, the Option may be exercised in full or in part (to the extent which has become exercisable and not already exercised) within 12 months of the date of death or, if appropriate, an election made pursuant to sub-paragraphs (xiv)(aa), (xiv)(bb), (xv) or (xvi) by his Personal Representative(s) within 12 months of the date of death.

(xiv) *Rights on a general offer*

- (aa) If a general offer whether by way of take-over offer or share repurchase offer or otherwise in like manner is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Company shall give notice thereof to the Grantee and the Grantee (or his Personal Representative(s)) may, by delivering a notice in writing to the Company at any time within 14 days of such notice, exercise the Option in full or in part (to the extent which has become exercisable and not already exercised).
- (bb) If a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall give notice thereof to the Grantee and the Grantee (or his Personal Representative(s)) may, by delivering a notice in writing to the Company at any time within fourteen (14) days of such Shareholders' approval, exercise the Option in full or in part (to the extent which has become exercisable and not already exercised).

(xv) *Rights on winding-up*

In the event of an effective resolution being passed for the voluntary winding up of the Company or an order of the Court is made for the winding-up of the Company, the Grantee (or his Personal Representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Option (to the extent which has become exercisable and not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be accompanied by remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Grantee will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election.

(xvi) *Rights on compromise or arrangement between the Company and its creditors*

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (xiv)(bb) between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his Personal Representative(s)) may at any time thereafter, but prior to 12 noon on the day immediately preceding the date of the meeting, exercise all or any of his Options (to the extent which has become exercisable and not already exercised). Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and terminate. The Directors shall endeavour to procure that the Shares issued as a result of the exercise of Options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the Court (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court) the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable (but subject to the other terms of the Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

(xvii) *Effect of alterations to capital*

In the event of any alteration in the capital structure of our Company whilst any Option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company in accordance with applicable laws and regulatory requirements, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any Options so far as unexercised and/or the Subscription Price per Share of each outstanding Option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time.

Any such alterations will be made on the basis that a Grantee shall have the same proportion of the issued share capital of our Company for which any Grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate Subscription Price payable on full exercise of any Option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value.

The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(xviii) *Cancellation of Options*

The Company may cancel an Option granted but not exercised with the approval of the board of Directors and the Shareholders in general meeting with the relevant Grantees and their associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken on poll. Cancelled Options may be reissued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the Scheme. Options may be granted to an Eligible Participant in place of his cancelled Options provided that there are available unissued Options (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph (iii) above (or similar limit under any other scheme adopted by the Company) from time to time. For the avoidance of doubt, Options which have been exercised shall not be included as cancelled Options.

(xix) *Termination of the Share Option Scheme*

The Company, by resolution in general meeting, or the board of Directors may at any time terminate the operation of the Scheme and in such event no further Option will be offered but in all other respects the provision of the Scheme shall remain in full force and effect and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

(xx) *Rights are personal to Grantee*

An Option shall be personal to the Grantee and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company.

(xxi) *Lapse of Option*

The right to exercise an Option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (aa) the expiry of the Option Period;
- (bb) the expiry of any of the periods referred to in sub-paragraphs (xii), (xiii), (xiv)(aa) or (xvi) respectively;
- (cc) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xiv)(bb);

- (dd) subject to sub-paragraph (xv), the date of the commencement of the winding-up of the Company;
- (ee) the date on which the Grantee ceases to be an Eligible Participant by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his employment contract or other contract constituting him an Eligible Participant, or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his or her creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;
- (ff) the date on which the Grantee commits a breach of sub-paragraph (xx).

(xxii) *Alterations to the Share Option Scheme*

- (aa) The provisions of the Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the Shareholders in general meeting (with participants and their associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the Grantees as would be required of the Shareholders under the constitutional documents for the time being of the Company for a variation of the rights attached to the Shares. Subject as aforesaid and to sub-paragraph (xxii)(bb), the following changes or alterations must be approved by a resolution by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Scheme:
 - (1) any changes to the definitions of Eligible Participant and Grantee and Option Period;
 - (2) any changes to the provisions of, among others, sub-paragraphs (i), (ii), (iii), (vii), (viii), (ix), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx), (xxi) and (xxii);
 - (3) any alteration to the terms and conditions of the Scheme which are of a material nature;
 - (4) any change to the terms of the Options granted;
 - (5) any change to the authority of the board of Directors in relation to any alteration to the terms of the Scheme.
- (bb) The amended terms of the Scheme or the Options must comply with Chapter 17 of the Listing Rules.

- (cc) Subject to paragraphs (aa) and (bb) above, the Scheme may be altered in any respect by resolution of the board of Directors.
- (dd) the Company must provide to all Grantees all details relating to changes in the terms of the Scheme during the life of the Scheme immediately upon such changes taking effect.

(xxiii) ***Conditions***

- (aa) The Scheme is conditional on:
 - (i) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of any option;
 - (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise; and
 - (iii) the commencement of dealings in the Shares on the Stock Exchange.

(xxiv) ***Present status of the Share Option Scheme***

(aa) *Approval and adoption of the rules of the Scheme*

The rules of the Scheme, the principal terms of which are set out in paragraph E of this appendix, were approved and adopted by the sole Shareholder on 25 June 2010.

(bb) *Approval of the Listing Committee required*

The Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, a maximum of 20,000,000 Shares to be allotted and issued pursuant to the exercise of any Option which may be granted under the Scheme;
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

(cc) *Application for approval*

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of Options which may be granted under the Share Option Scheme. The total number of Shares in respect of which Options may be granted under the Scheme and any other share option schemes of the Company shall not exceed 20,000,000 Shares, being 10% of the total number of Shares in issue as at the date of listing of the Shares unless the Company obtains the approval of the Shareholders in general meeting for refreshing the said 10% limit under the Scheme provided that Options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit above mentioned.

(dd) *Grant of Option*

As at the date of this prospectus, no Options have been granted or agreed to be granted under the Scheme.

(ee) *Value of Options*

The Directors consider it inappropriate to disclose the value of Options which may be granted under the Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no Options have been granted, certain variables are not available for calculating the value of Options. The Directors believe that any calculation of the value of Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

F. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Mulpha, pursuant to a deed of indemnity referred to the paragraph headed "Summary of material contracts" of this appendix, has given indemnities in respect of among other things (a) any liability for Hong Kong estate duty which might be incurred by any member of the Group by virtue of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong, as amended)) to any member of the Group, and (b) any tax liabilities which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Listing Date, save:

- (a) to the extent that full provision or allowance has been made for such taxation in the audited consolidated accounts of the Group for each of the years ended 31 December 2007, 2008 and 2009, as set out in Appendix I to this prospectus;

- (b) to the extent that such taxation arises or is incurred as a result of any retrospective change in law (but not implementation of law) and/or rates coming into force after the Listing Date;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by any members of the Group which are carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Listing Date;
- (d) for which any of the Group companies is primarily liable in respect of or as a consequence of any event occurring or income, profits or gains earned, accrued or received or transactions in the ordinary course of its business after 31 December 2009; or
- (e) to the extent of any provisions or reserve made for taxation in the audited accounts of the relevant Group companies up to 31 December 2009 which is finally established to be an over-provision or an excessive reserve.

Pursuant to the deed of indemnity, Mulpha also agrees and undertakes to indemnify the Group on demand in respect of and to the extent of, any losses, liabilities or damages suffered by or falling on any of the companies of the Group in respect of and to the extent of arising from or relating to operations before the Listing Date including but not limited to losses, liabilities or damages suffered by the Group in respect of and to the extent of arising from or relating to the following including but not limited to those disclosed in this prospectus:

- (a) illegal use or occupation of land wherever situate including but not limited to use of land for wrongful purpose or unauthorized occupation; or
- (b) non-compliance of any legal and/or regulatory requirements of any jurisdiction, including but not limited to:
 - (i) breach of land use rights or failure of attending stamping or payment of duty;
 - (ii) failure to maintain proper corporate books and records or attending to filing or updating of corporate documents with relevant authorities,
- (c) claims arising from operation of the Group's businesses, tortuous or contractual or otherwise, including but not limited to:
 - (i) personal injury; or
 - (ii) misrepresentation,

save and except such losses, liabilities or damages arise or are incurred as a result of a retrospective change in law (but not implementation of law) coming into force after the Listing Date.

The Directors have been advised that no material liability for estate duty is likely to fall on any member of the Group in Cayman Islands, being the jurisdiction in which the Company is incorporated.

2. Litigation

As at the Latest Practicable Date, the Company is not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

3. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

4. Preliminary expenses

The preliminary fees and expenses relating to the incorporation of the Company are approximately US\$5,305.42 and are payable by the Company.

5. Promoter

The Company has no promoter.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Altus Capital Limited	Licensed corporation under the SFO to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (advising on asset management) regulated activities under the SFO
Grant Thornton	Certified public accountants
LCH (Asia-Pacific) Surveyors Limited	Professional surveyor
Appleby	Cayman Islands attorney-at-law
TanJinHweeLLC	Legal advisers as to Singapore law
Leong Hon Man Law Office	Legal advisers as to Macau law
Tilleke & Gibbins Consultants Limited	Legal advisers as to Vietnam law

7. Consents of experts

Each of Altus Capital Limited, Grant Thornton, LCH (Asia-Pacific) Surveyors Limited, Appleby, TanJinHwee LLC, Leong Hon Man Law Office and Tilleke & Gibbins Consultants Limited has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their letters, reports, and/or valuation certificate opinion and/or references to their names (as the case may be) in the form and context in which they respectively appear.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Registration procedures

The register of members of the Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

10. No material adverse change

The Directors confirm that there has been no material adverse change in the financial prospects of the Company or its subsidiaries since 31 December 2009 (being the date to which the latest audited financial statements of the Company were made up).

11. Compliance adviser

In accordance with the requirements of the Listing Rules, the Company has entered into a compliance adviser agreement with Altus Capital Limited as our compliance adviser to provide advisory services to us to ensure compliance with the Listing Rules for a term commencing on the Listing Date and ending on the date on which we distribute the annual report for the first full financial year commencing after the Listing Date in accordance with Rule 13.46 of the Listing Rules, unless terminated earlier pursuant to the terms thereof.

12. Miscellaneous

(a) Save as disclosed herein:

(i) Within the two years immediately preceding the date of this prospectus:

(aa) no share or loan capital of the Company or any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
 - (cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (dd) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued.
- (ii) No share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) None of Altus Capital Limited, Grant Thornton, LCH (Asia-Pacific) Surveyors Limited, Appleby, TanJinHweeLLC, Leong Hon Man Law Office and Tilleke & Gibbins Consultants Limited:
- (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.
- (c) The Directors are not aware of any material adverse change in the financial position or trading position or prospects of the Company since 11 March 2010, the date of incorporation of the Company.
- (d) The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **white** and **yellow** Application Forms, the written consents referred to in the paragraph headed “Consents of experts” of Appendix V to this prospectus, and copies of the material contracts referred to in the paragraph headed “Summary of material contracts” of Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Winnie Mak, Chan & Yeung at 8/F, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the memorandum of association of the Company;
- (b) the Articles;
- (c) the Accountants’ Report of the Company issued by Grant Thornton, the text of which is set out in Appendix I to this prospectus;
- (d) the Accountants’ Report on the unaudited pro forma financial information issued by Grant Thornton, the text of which is set out in Appendix II to this prospectus;
- (e) the letter dated the date of this prospectus, and valuation certificates relating to the property interests of the Group prepared by LCH (Asia-Pacific) Surveyors Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the letter prepared by Appleby summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- (g) the Companies Law;
- (h) the service contracts referred to in the paragraph headed “Particulars of Directors’ service contracts and Directors’ remuneration” in Appendix V to this prospectus;
- (i) the rules of the Share Option Scheme referred to in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (j) the material contracts referred to in the section headed “Summary of material contracts” in Appendix V to this prospectus;
- (k) the written consents referred to in the paragraph headed “Consents of experts” in Appendix V to this prospectus.
- (l) the legal opinion issued by Winnie Mak, Chan & Yeung, our legal adviser as to Hong Kong law;
- (m) the legal opinion issued by TanJinHwee LLC, our legal adviser as to Singapore law;
- (n) the legal opinion issued by Leong Hon Man Law Office, our legal adviser as to Macau law;
- (o) the legal opinion issued by Tilleke & Gibbins Consultants Limited, our legal adviser as to Vietnam law; and
- (p) the legal opinion issued by HAIBU Attorneys-at-law (“廣東海埠律師事務所”), our legal adviser as to PRC law.



Manta Holdings Company Limited

敏達控股有限公司