
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Our Business—Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$13,672 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK\$16.48 per Share, being the mid-point of the indicative Offer Price range of HK\$13.98 to HK\$18.98 per Share in this prospectus.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 28.0%, or approximately HK\$3,823 million, will be used to expand our operations and services in certain key overseas countries and regions where we intend to strengthen our presence. In particular:
 - approximately 17.1%, or approximately HK\$2,335 million, will be used to strengthen our overseas distribution and service network by establishing local distribution networks in not less than 50 cities across the world, and after-sales service centers and parts and components depots in Asia, North America, the Middle East, South America and Africa; and
 - approximately 10.9%, or approximately HK\$1,488 million, will be used to strengthen our finance lease services overseas in regions or countries such as Hong Kong, Australia, Italy and Russia where we have obtained the relevant licenses and/or permits, and to fund our financial lease services in certain new markets such as United States and Brazil where we expect to obtain such licenses and/or permits, which will further enhance our overseas sales;
- approximately 45.8%, or approximately HK\$6,264 million, will be used to strengthen and enhance our manufacturing capability of key products, parts and components. In particular:
 - approximately 11.6%, or approximately HK\$1,588 million, will be used to establish our European research and development and assembly center at Senago, Italy, to develop and produce products other than the concrete machinery currently manufactured by CIFA, including all-terrain truck cranes, crawler cranes, truck cranes and aerial working platforms, to better meet the local clients' needs. The total planned expenditure for our European research and development and assembly center is approximately RMB1,360 million, all of which will be financed by the proceeds of the Global Offering; and
 - approximately 34.2%, or approximately HK\$4,676 million, will be used to establish manufacturing bases in Hunan Province, China, for specialty chassis and other key components;

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- approximately 5.0%, or approximately HK\$684 million, will be used to strengthen our research and development capabilities, develop new technologies and products, and enhance key elements of our information management system. We intend to focus our research and development efforts on the following areas: (i) developing products with better safety and reliability, higher fuel efficiency and larger capacity, (ii) improving the quality and standardization levels of the key parts and components used across our product lines and (iii) enhancing our supply chain information management systems;
- approximately 11.2%, or approximately HK\$1,534 million, will be used to repay our bank borrowings, including all of the loan facility in the amount of US\$197.9 million, which was used to finance the acquisition of CIFA, with an interest rate of LIBOR plus 0.9%, that is repayable in full in September 2011; and
- approximately 10.0%, or approximately HK\$1,367 million, will be used to supplement our working capital for overseas operations.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK\$2,074 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial public Offer Price as stated above. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

In the event that the Offer Price is set at the low end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK\$11,574 million. Under such circumstances, the net proceeds allocated to working capital will be reduced. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK\$13,333 million. The additional net proceeds of approximately HK\$1,760 million (when compared to the net proceeds to our Company with the Offer Price being determined at the low end of the stated range and assuming the Over-allotment Option is not exercised) will also be allocated to the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with licensed banks or other financial institutions.