Manta Holdings Company Limited

敏達控股有限公司

(Incorporared in the Cayman Islands with limited Liability)

Stock Code : 936

Annual Report 2010

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr Chung Tze Hien *(Chairman)*
Mr Quek Chang Yeow
Mr Lai Siu Shing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Cheung Chi Wai Vidy
Mr. Lau Wing Yuen
Mr Louie Chun Kit

COMPANY SECRETARY

Mr Tsui Wing Tak

AUTHORISED REPRESENTATIVES

Mr Lai Siu Shing
Mr Tsui Wing Tak

PRINCIPAL BANKERS

Hong Kong
DBS Bank (Hong Kong) Limited
Singapore
United Overseas Bank Limited
DBS Bank Limited

AUDITOR

BDO Limited

PRINCIPAL SHARE REGISTRAR

Appleby Trust (Cayman) Limited
Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman
KY1-1108, Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

AUDIT COMMITTEE

Mr Louie Chun Kit *(Chairman)*
Mr Cheung Chi Wai Vidy
Mr. Lau Wing Yuen

REMUNERATION COMMITTEE

Mr Chung Tze Hien *(Chairman)*
Mr Louie Chun Kit
Mr Cheung Chi Wai Vidy
Mr. Lau Wing Yuen

NOMINATION COMMITTEE

Mr Quek Chang Yeow *(Chairman)*
Mr Louie Chun Kit
Mr Cheung Chi Wai Vidy
Mr. Lau Wing Yuen

COMPLIANCE ADVISER

Altus Capital Limited

REGISTERED OFFICE

Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman
KY1-1108, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit H, 9/F, Valiant Industrial Centre, 2-12 Au Pui Wan Street,
Fotan, Shatin, New Territories, Hong Kong

WEBSITE

www.mantagroup.com.hk

STOCK CODE

936

Chairman's Statement

Dear Shareholders,

I am pleased to present the annual results of Manta Holdings Company Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December, 2010.

The year 2010 saw the cautious and fragile recovery of the world economy after the turmoil caused by the global financial crisis. It was during this period that the Company sought and was successfully listed on the Main Board of the Stock Exchange of Hong Kong on the 19 July 2010. The first tower crane enterprise to be listed in Hong Kong, the listing of the Company received positive response from the public and sets the foundation for the Company to access Hong Kong's capital market to fund the long term growth and development of the Group.

In 2010, the year in review and the Company's first year as a listed entity, the Group recorded sales revenue of approximately HK$139.4 million, a decrease of 24.0% from that of HK$183.5 million recorded in the previous year. Profit after tax also saw a reduction of 27.0% to HK$20.8 million compared to the previous year. The dismay performance was mainly due to the much lower level of activities from all 3 sectors of the Company's business, being trading and rental of tower cranes and the provision of their maintenance services. The construction and infrastructure industries, in which the business of the Group depends, were negatively affected by the global financial crisis. Customers from these industries were cautious in committing to tower cranes purchases or rentals pending bidding outcome of projects.

The performance for 2010 has also been affected by the once-off charge of HK$8.3 million listing expenses required to be recognised immediately in the year which the Company became listed.

In the move to enhance further efficiency from the Singapore operations, a property with larger storage facility was acquired in October 2010. The older premise was sold, yielding a gain on disposal of approximately HK$23.8 million. To expand the Group's income base for sales & rental of construction and infrastructure equipment, new distributorship for non-cranes equipment are being negotiated. The Company will also look for investment opportunities outside its existing business of equipment sale and rental to further diversify its revenue and income potential.

The Company will continue to refine its operations in both Hong Kong and Singapore, focusing on efforts to expand market share, further strengthening market reputation for service excellence so as to maintain the long term competitiveness of the Company. For its future development, the Company will leverage on its rental business by increasing the fleet size of tower cranes and other construction equipment, thus expands revenue and broaden its income base.

The performance of the Company is contributed by the dedicated efforts of our management and staff and from the strong support from all sectors of the business community. On behalf of the Board of Directors, I would like to express our sincere appreciation to all the Company's stakeholders for your support over the years and look forward to your continued support for the future.

Chung Tze Hien
Chairman
Hong Kong

23 February, 2011

OPERATIONAL AND FINANCIAL REVIEW

OVERALL PERFORMANCE

For the year ended 31 December 2010, the Group generated revenue of approximately HK$139.4 million (2009: approximately HK$183.5 million) with a profit for the year of approximately HK$20.8 million (2009: approximately HK$28.5 million).

BUSINESS REVIEW

For the year ended 31 December 2010, the Group recorded a revenue of approximately HK$139.4 million against HK$183.5 million achieved in the previous year.

The decrease in revenue for the year under review was mainly attributable to a lower level of sale of machinery which recorded a revenue of approximately HK$29.3 million against HK$51.2 million achieved in 2009. The construction industry was generally cautious with the fragile recovery from the global financial crisis and that has resulted in lower trading volume as the Company's customers awaited for bidding results of projects before commitment to purchase tower cranes.

Meanwhile, our rental business recorded revenue of approximately HK$91.0 million for the year ended 31 December 2010, representing a decrease of approximately 10.3% as compared to that of approximately HK$101.5 million for 2009. Revenue from rental operations was also lower due to the more competitive rental rates that persisted during the year 2010.

The sales of spare parts and service income recorded revenue of approximately HK$19.1 million for the year, representing a decrease of approximately 38.0% as compared to that of approximately HK$30.8 million for the same period in 2009. The demand for service and spare parts decreased with the cautious outlook of the construction and infrastructure sectors during 2010.

DIVIDEND

The Directors do not recommend the payment of any dividends for the year ended 31 December 2010.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintains a stable financial position with cash and cash equivalents of approximately HK$66.0 million (2009: approximately HK$46.0 million) and a current ratio of 1.54 (2009: 0.98 (restated)) as at 31 December 2010. The total equity of the Group amounted to approximately HK$193.9 million as at 2010 financial year ended (2009: approximately HK$94.3 million).

Gearing

The Group monitors capital using a gearing ratio, which is total debt (sum of bank borrowings, finance lease payables, amounts due to fellow subsidiaries and a related company) divided by total equity. The gearing ratio was 0.3 as at 31 December 2010 (2009: 1.2).

Pledge of Assets

The Group's banking facilities are secured by the assets of the Group, including pledged bank deposits, land and building, plant and machinery, with aggregate carrying amounts of HK$15.3 million (2009: HK$26.0 million).

Exchange Rate Exposure

As at 31 December 2010, more than 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 rental operations in Singapore is primarily dominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers are usually denominated in Euro or US dollar. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement is undertaken for revenue generated from our Singapore and Vietnam operations.

Treasury Policies

The Group generally finances its ordinary operations with internally generated resources or banking facilities. The interest rates of most of the borrowings and finance lease arrangement, if applicable, are charged by reference to prevailing market rates.

Contingent Liabilities

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities.

Commitments

The Group has capital commitments, which are contracted but not provided for, in respect of purchase of property, plant and equipment amounting to HK$43.3 million as at 31 December 2010 (2009: Nil).

Use of proceeds

The Company's shares have been listed on the Stock Exchange since 19 July 2010. Proceeds from the issuance of new shares pursuant to the Company's initial public offering amounted to approximately HK$38.1 million (net of related issuing expenses). Such net proceeds have been utilized in the following manner:

	Amount raised	**Amount used as at 31 December 2010**
	(HK$ million)	(HK$ million)
Purchase crane for rental purpose	20.0	3.2
Purchase crane for trading purpose	11.0	5.4
General working capital	3.8	3.8
Expansion and improvement of storage facilities	3.3	—
	38.1	12.4

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2010, the Group had a total of 90 (2009: 82) employees in Hong Kong, Singapore and Vietnam. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

FUTURE PROSPECTS

The Group anticipates that the next year will be no less challenging than the previous year under review but the Board of Directors will continue to seek potential investment opportunities, to diversify our business portfolios (including other construction equipment), and to improve our business performance.

Board of Directors and Senior Management

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chung Tze Hien, aged 60, 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 International Bhd (the "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, 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 from 19 July 2010.

Mr. Quek Chang Yeow, aged 47, 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 from 19 July 2010.

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 from 19 July 2010.

Independent Non-executive Directors

Mr. Cheung Chi Wai Vidy, aged 51, 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 46, 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 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 sciences from the University of Hong Kong in 1987.

Mr. Louie Chun Kit, aged 46, 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. Mr. Louie is also an independent non-executive director of SHK Hong Kong Industries Limited (stock code: 666).

SENIOR MANAGEMENT

Hong Kong

Mr. Tsui Wing Tak, aged 42, is the chief financial officer and the company secretary of the Company. Mr. Tsui joined the Group in February 2010. Mr. Tsui is responsible for the financial reporting, financial planning, risk management, overall secretarial matters of the Company. Mr. Tsui has more than 15 years 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 fellow member of Hong Kong Institute of Certified Public Accountants.

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.

Board of Directors and Senior Management

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.

Mr. Ku Koon Wah ("Mr. KW Ku"), aged 58 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 55, 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 49, 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.

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2010 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in note 17 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

SEGMENT INFORMATION

Details of the segment information of the Group for the Year are set out in note 6 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the state of affairs of the Group and the Company as at that date are set out in the financial statements on pages 21 to 85.

The Board does not recommend the payment of a final dividend for the Year (2009: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Year are set out in note 30 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

RESERVES

Details of the movements in the reserves of the Company and of the Group during the Year are set out in note 31 to the financial statements and the consolidated statement of changes in equity on pages 25 to 26.

DISTRIBUTABLE RESERVES

At 31 December 2010, the Company did not have a reserve available for distribution. Under the Companies Law, (2010 Revision) of the Cayman Islands, the share premium account of the Company of approximately HK$70.0 million as at 31 December 2010, is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the percentage of sales attributable to the Group's five largest customers was less than 42.7% with the largest customer accounted for 12.6%.

The percentage of purchase attributable to the Group's five largest supplier was 80.5% with the largest supplier accounted for 67.4%.

Neither the Directors, any of their associates nor any Shareholders (which to the best knowledge of the Directors who owned more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the Year.

DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

Executive Directors

Mr. Chung Tze Hien *(Chairman)*	(Appointed on 11 March 2010)
Mr. Quek Chang Yeow	(Appointed on 11 March 2010)
Mr. Lai Siu Shing	(Appointed on 11 March 2010)

Independent Non-executive Directors

Mr. Louie Chun Kit	(Appointed on 25 June 2010)
Ms. Cheung Chi Wai Vidy	(Appointed on 25 June 2010)
Mr. Lau Wing Yuen	(Appointed on 25 June 2010)

In accordance with article 108 of the Company's articles of association, Mr. Quek Chang Yeow and Mr. Louie Chun Kit will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 7 to 8 of this report.

DIRECTORS' SERVICE AGREEMENTS

Both Mr. Chung Tze Hien and Mr. Quek Chang Yeow has entered into a service contract with the Company for a term of three years commencing from 19 July 2010, which continues thereafter until terminated by either party by giving not less than three months' notice in writing to the other party.

Mr. Lai Siu Shing has entered into a service contract with the Company for a term of one year commencing from 19 July 2010, which continues thereafter until terminated by either party by giving not less than three month's notice in writing to the other party.

As at the date of this report, each of the independent non-executive Directors has entered into a letter of appointment with the Company with a term of three years commencing from 19 July 2010, which can be terminated by either party by giving not less than one month notice in writing to the other party.

Each of the Directors is subject to the provisions for retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has service agreement with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the Year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or in existence during the Year.

CONNECTED TRANSACTIONS

There was no transaction which should be disclosed in this report as connected transaction in accordance with the requirements of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year was the Company or any of its holding companies, subsidiaries a party to any arrangement to enable the Directors of the Company or chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholders	Nature of interest	Number of ordinary shares of the Company held Direct interest	Percentage of shareholding
		(note 1)	
Jumbo Hill Group Limited	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 International Bhd (note 4)	Interest in a controlled corporation	150,000,000(L)	75%
Ms. Yong Pit Chin (note 4)	Interest in a controlled corporation	150,000,000(L)	75%
China Spirit Limited (note 5)	Interest in a controlled corporation	12,315,000(L)	6.16%
Chong Sok Un	Beneficial Interest	12,315,000(L)	6.16%
COL Capital Limited (note 6)	Interest in a controlled corporation	12,315,000(L)	6.16%
Vigor Online Offshore Limited (note 7)	Interest in a controlled corporation	12,315,000(L)	6.16%
Classic Fortune Limited (note 8)	Interest in a controlled corporation	10,090,000(L)	5.05%
Sparkling Summer Limited (note 9)	Interest in a controlled corporation	10,090,000(L)	5.05%

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 Group Limited 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 International Bhd is the holding company of Mulpha Trading Sdn Bhd holding 100% interest in it. Mulpha International Bhd is listed on the Main Market of Bursa Malaysia Securities Berhad. Madam Yong Pit Chin is, directly and indirectly, interested in approximately 34.80% of the issued share capital of Mulpha International Bhd.

(5) Chong Sok Un is holding 100% interest in China Spirit Limited.

(6) Vigor Online Offshore Limited is holding 70.11% interest on COL Capital Limited.

(7) China Spirit Limited is holding 100% interest in Vigor Online Offshore Limited.

(8) COL Capital Limited is holding 100% interest in Classic Fortune Limited.

(9) Class Fortune Limited is holding 100% interest in Sparkling Summer Limited.

Save as disclosed above, as at 31 December 2010, none of the Directors and chief executives of the Company or their respective associates had any interest or short positions 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 are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register of interests required to be maintained pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code in the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, no Directors or their respective associates (as defined in the Listing Rules) are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report as required under the Listing Rules.

AUDITOR

During the year, Grant Thornton Hong Kong resigned and BDO Limited was appointed auditor of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

ON BEHALF OF THE BOARD

Chung Tze Hien
Chairman

Hong Kong, 23 February 2011

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance will not only improve management accountability and investor confidence, but also will lay a good foundation for the long-term development of the Company. Therefore the Company will strive to develop and implement effective corporate governance practices and procedures. The Company and the Board have adopted the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). Throughout the period since our listing on the Main Board of the Stock Exchange on 19 July 2010, the Company has complied with the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions of Directors of Listing Companies (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions since the listing of the Company on the Stock Exchange on 19 July 2010.

THE BOARD OF DIRECTORS

The Board takes full responsibility of supervising and overseeing all major matters of the Company, including the formulation and approval of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policies and monitoring the performance of the senior management, while the management is responsible for the daily management and operations of the Group.

The Board comprises six Directors, including three Executive Directors, namely Mr. Chung Tze Hien, Mr. Quek Chang Yeow and Mr. Lai Siu Shing, and three Independent Non-executive Directors, namely Mr. Louie Chun Kit, Mr. Cheung Chi Wai Vidy and Mr. Lau Wing Yuen. There is no relationship, including financial, business, family or other material/relevant relationships among Board members.

During the year under review, the Board meets regularly. In addition to regular meetings, it meets as and when warranted by particular circumstances. For 2010 and up to the date of this report, the Board held a total of five meetings of which two meetings were held after the listing of the Company on Main Board of Stock Exchange on 19 July 2010. All Board members attended the two meetings held after listing either in person or through electronic means of communication.

The attendance of each Director is contained in the following table:

	Number of attendance/Total
Mr. Chung Tze Hien	4/5
Mr. Quek Chang Yeow	5/5
Mr. Lai Siu Shing	5/5
Mr. Louie Chun Kit	2/2
Mr. Cheung Chi Wai Vidy	2/2
Mr. Lau Wing Yuen	2/2

INDEPENDENT NON-EXECUTIVE DIRECTORS

All of the Independent Non-executive Directors of the Company was appointed on 25 June 2010 with a term of three years commencing from 19 July 2010, which can be terminated by either party giving not less than one month notice in writing to the other party.

Each of the Independent Non-executive Directors has confirmed by written confirmation that he has complied with the independence requirements set out in Rule 3.13 of the Listing Rules. The Board considers that all Independent Non-executive Directors are independent under these independence requirements.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 25 June 2010 in compliance with Appendix 14 to the Listing Rules. The Remuneration Committee is chaired by Mr. Chung Tze Hien and other members are , Mr. Louie Chun Kit, Mr. Cheung Chi Wai Vidy and Mr. Lau Wing Yuen.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy. In determining the remuneration of the Directors, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, performance and contributions of the Directors and the change in market conditions.

The Remuneration committee on 23 February 2011 review and fixing the remuneration package of directors.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 25 June 2010 in compliance with Appendix 14 to the Listing Rules. The Nomination Committee is chaired by Mr. Quek Chang Yeow and other members are Mr. Louie Chun Kit, Mr. Cheung Chi Wai Vidy and Mr. Lau Wing Yuen.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, and to assess the independence of the Independent Non-executive Directors.

In accordance with the memorandum and articles of association, the Nomination Committee on 15 February 2011 recommended the retirement and re-election of Mr. Quek Chang Yeow and Mr. Louie Chun Kit at the forthcoming Annual General Meeting.

AUDIT COMMITTEE

The Company established the Audit Committee on 25 June 2010 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee comprises three Independent Non-executive Directors, with Mr. Louie Chun Kit as the chairman and other two members are Mr. Cheung Chi Wai Vidy and Mr. Lau Wing Yuen. Mr. Louie Chun Kit, the chairman of the Company's Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules.

The Audit Committee reports to the Board and is authorised by the Board to assess matters relating to the accounts of financial statements. The Audit Committee oversees all financial reporting procedures and the effectiveness of the Company's internal controls, to advise the Board on the appointment and re-appointment of external auditor, and to review and oversee the independence and objectivity of external auditor.

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, re-appointment and removal of the external auditor, which is subject to the approval from the Board and the shareholder at the general meetings of the Company.

The Audit Committee has reviewed with the management the annual results of the Group for the year ended 31 December 2010.

As the Audit Committee was set up on 25 June 2010, the Audit Committee held two meetings on 23 August 2010 and 23 February 2011. The attendance of each member of the Audit Committee is contained in the following table:

Number of attendance/Total	
Mr. Louie Chun Kit	2/2
Mr. Chueng Chi Wai Vidy	2/2
Mr. Lau Wing Yuen	2/2

AUDITOR'S REMUNERATION

For the year ended 31 December 2010, the total fee paid/payable to the external auditor of the Company in respect of audit and non-audit services is set as below:

	For the year ended 31 December 2010 HK$'000
Annual audit services - BDO Limited	550
Interim review services - Grant Thornton Hong Kong	150
Reporting accountants in relation to the listing - Grant Thornton Hong Kong	1,500

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2010, and confirm that the financial statements give a true and fair view of the results of the Company and the Group for the year then ended, and are prepared in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company, BDO Limited, about their responsibilities on the financial statements of the Group is set out in the independent auditor's report on page 19 to 20.

INTERNAL CONTROLS

The Board acknowledges its responsibility to ensure that sound and effective internal control systems are maintained so as to safeguard the Group's assets and the interests of the shareholders. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

During the year, the Board has conducted reviews of the internal control system of the Company and considered the internal control system of the Company has implemented effectively. External consultants were hired to assist the Board to perform high-level review of internal control systems for selected business operations and processes. Such review covered financial, compliance and operational controls as well as risk management mechanisms.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2010. The auditor of the Company acknowledges its reporting responsibilities in the independent auditor's report on the financial statements for the year ended 31 December 2010. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the financial statements.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the Code on Corporate Governance Practices of the Stock Exchange but about promoting and developing an ethical and healthy corporate culture. The Company will continue to review and, where appropriate, improve the current practices on the basis of the experience, regulatory changes and developments. Any views and suggestions from the shareholders to promote and improve the transparency are also welcome.

Independent auditor's report

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TO THE SHAREHOLDERS OF MANTA HOLDINGS COMPANY LIMITED 敏達控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Manta Holdings Company Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 21 to 85, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Joanne Y.M. Hung
Practising Certificate no. P05419

Hong Kong, 23 February 2011

Consolidated statement of comprehensive income

for the year ended 31 December 2010

	Notes	2010	2009
		HK$'000	HK$'000
Revenue	7	139,376	183,509
Cost of sales and services		(71,266)	(92,720)
Gross profit		68,110	90,789
Other income	8	27,896	2,288
Selling and distribution expenses		(3,626)	(2,085)
Administrative expenses		(43,291)	(26,200)
Other operating expenses		(24,961)	(21,360)
Finance costs	9	(5,188)	(6,527)
Profit before income tax expense	10	18,940	36,905
Income tax credit/(expense)	11	1,907	(8,414)
Profit for the year		20,847	28,491
Other comprehensive income			
– Exchange differences on translating foreign operations		6,789	4,454
– Gain on revaluation of property held for own use	15	1,038	1,618
Other comprehensive income for the year		7,827	6,072
Total comprehensive income for the year		28,674	34,563
Profit for the year attributable to:			
– Owners of the Company		20,971	28,517
– Non-controlling interests		(124)	(26)
		20,847	28,491
Total comprehensive income attributable to:			
– Owners of the Company		28,798	34,589
– Non-controlling interests		(124)	(26)
		28,674	34,563
Earnings per share for profit attributable to the owners of the Company during the year			
– Basic (HK cents)	13	13	24

Consolidated statement of financial position

as at 31 December 2010

	Notes	2010	2009
		HK$'000	HK$'000 (restated) (Note 3(a))
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	177,007	145,883
Available-for-sale investment	16	580	580
Deposit paid	20	4,814	—
		182,401	146,463
Current assets			
Inventories and consumables	18	31,090	36,865
Trade receivables	19	35,286	31,274
Prepayments, deposits and other receivables	20	12,609	10,128
Pledged bank deposits	21	3,697	9,838
Cash and cash equivalents	21	66,002	45,970
		148,684	134,075
Current liabilities			
Trade payables	22	46,391	31,587
Receipt in advance, accruals and other payables	23	23,355	30,132
Derivative financial instrument	24	—	159
Amounts due to fellow subsidiaries	25	—	36,768
Amount due to a related company	25	—	167
Bank borrowings	26	6,769	8,399
Finance lease payables	27	18,917	27,468
Provision	28	—	767
Provision for tax		1,169	1,087
		96,601	136,534
Net current assets/(liabilities)		52,083	(2,459)
Total assets less current liabilities		234,484	144,004

Consolidated statement of financial position (Continued)

as at 31 December 2010

	Notes	2010	2009
		HK$'000	HK$'000 (restated) (Note 3(a))
Non-current liabilities			
Finance lease payables	27	**33,248**	40,851
Deferred tax liabilities	29	**7,334**	8,893
		40,582	49,744
Net assets		**193,902**	94,260
EQUITY			
Share capital	30	**2,000**	—
Reserves	31	**190,510**	92,744
Equity attributable to the Company's owners		**192,510**	92,744
Non-controlling interests		**1,392**	1,516
Total equity		**193,902**	94,260

Director

Director

Statement of financial position

as at 31 December 2010

	Notes	2010
		HK$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investments in subsidiaries	17	105,597
Current assets		
Amounts due from subsidiaries	17	39,597
Prepayments	20	389
Cash and cash equivalents	21	21,322
		61,308
Current liability		
Accruals	23	557
Net current assets		60,751
Net assets		166,348
EQUITY		
Share capital	30	2,000
Reserves	31	164,348
Total equity		166,348

Director

Director

Comparative amounts have not been presented for the Company's statement of financial position because the Company was incorporated on 11 March 2010.

Consolidated statement of changes in equity

for the year ended 31 December 2010

	Share capital	Share premium*	Merger reserve*	Property revaluation reserve*	Translation reserves*	Retained earnings*	Equity attributable to the owners of the Company	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2009	—	—	121,985	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	—	—	—	1,618	4,454	—	6,072	—	6,072
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	—	—	—
Balance at 31 December 2009	—	—	121,985	2,377	3,976	(35,594)	92,744	1,516	94,260

Consolidated statement of changes in equity (Continued)

for the year ended 31 December 2010

	Share capital	Share premium*	Merger reserve*	Property revaluation reserve*	Translation reserves*	Retained earnings*	Equity attributable to the owners of the Company	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2010	—	—	121,985	2,377	3,976	(35,594)	92,744	1,516	94,260
Issue of ordinary shares at the date of incorporation and on Group Reorganisation (Notes 30 (i) and (iii))	1,000	—	(1,000)	—	—	—	—	—	—
Issue of ordinary shares on loan capitalisation (Note 30(iv))	316	25,249	—	—	—	—	25,565	—	25,565
Issue of ordinary shares on capitalisation issue (Note 30(v))	184	(184)	—	—	—	—	—	—	—
Issue of ordinary shares under Share Offer (Note 30(vi))	500	49,500	—	—	—	—	50,000	—	50,000
Share issue expenses (Note 30(vi))	—	(4,597)	—	—	—	—	(4,597)	—	(4,597)
Transactions with owners	2,000	69,968	(1,000)	—	—	—	70,968	—	70,968
Profit/(loss) for the year	—	—	—	—	—	20,971	20,971	(124)	20,847
Other comprehensive income	—	—	—	1,038	6,789	—	7,827	—	7,827
Total comprehensive income for the year	—	—	—	1,038	6,789	20,971	28,798	(124)	28,674
Depreciation transfer on property held for own use carried at fair value, net of tax	—	—	—	(63)	—	63	—	—	—
Balance at 31 December 2010	2,000	69,968	120,985	3,352	10,765	(14,560)	192,510	1,392	193,902

* At 31 December 2010, the reserves accounts comprise the consolidated reserves of HK$190,510,000 (2009: HK$92,744,000) in the consolidated statement of financial position.

Consolidated statement of cash flows

for the year ended 31 December 2010

	Notes	2010	2009
		HK$'000	HK$'000
Cash flows from operating activities			
Profit before income tax expense		18,940	36,905
Adjustments for:			
Bank interest income	8	(326)	(490)
Dividend income	8	(310)	—
(Gain)/loss on disposal of property, plant and equipment	8	(23,836)	14
Recovery of impaired trade receivables		—	(1,027)
Allowance for impairment of trade receivables		—	67
Allowance for impairment of inventories		—	5
Depreciation of property, plant and equipment	15	24,967	21,511
Fair value (gain)/loss of derivative financial instruments		(159)	159
Interest expenses	9	5,188	6,527
Reversal of provision for buy-back options	28	(767)	—
Operating profits before working capital changes		23,697	63,671
Decrease in inventories and consumables		6,555	21,961
Increase in trade receivables		(4,012)	(8,413)
Increase in prepayments, deposits and other receivables		(2,481)	(60)
(Decrease)/increase in amount due to a related party and fellow subsidiaries		(11,370)	2,260
Decrease in amount due to ultimate holding company		—	(17)
Increase/(decrease) in trade payables		14,804	(38,243)
(Decrease)/increase in receipt in advance, accruals and other payables		(6,777)	11,068
Cash generated from operations		20,416	52,227
Interest paid		(5,188)	(6,527)
Net cash generated from operating activities		15,228	45,700
Cash flows from investing activities			
Interest received	8	326	490
Dividend received	8	310	—
Purchase of property, plant and equipment	35	(21,536)	(1,041)
Deposit paid for property, plant and equipment		(4,814)	—
Decrease/(increase) in pledged bank deposits		6,141	(242)
Proceeds from disposal of property, plant and equipment		30,159	88
Net cash generated from/(used in) investing activities		10,586	(705)

Consolidated statement of cash flows (Continued)

for the year ended 31 December 2010

	Notes	2010	2009
		HK$'000	HK$'000
Cash flows from financing activities			
Repayment of obligations under finance leases		(52,970)	(18,046)
Proceeds of issue of shares		50,000	—
Share issue expenses		(4,597)	—
Proceeds from new borrowings		9,026	8,399
Repayment of borrowings		(11,282)	(10,305)
Net cash used in financing activities		(9,823)	(19,952)
Net increase in cash and cash equivalents		15,991	25,043
Cash and cash equivalents at the beginning of year		45,970	19,470
Effect of exchange rates changes on cash and cash equivalents		4,041	1,457
Cash and cash equivalents at the end of year		66,002	45,970

1. GENERAL

Manta Holdings Company Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Flat H, 9/F., Valiant Industrial Centre, 2-12 Au Pui Wan Street, Fotan, Shatin, Hong Kong. The Company and its subsidiaries (collectively known as the "Group") is principally engaged in trading of construction machinery and spare parts, leasing of the construction machinery and providing repair and maintenance services in respect of the construction machinery. The principal activities of the subsidiaries are described in note 17.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX") since 19 July 2010. The directors of the Company consider the Group's ultimate holding company as Mulpha International BHD ("Mulpha").

Comparative amounts have not been presented for the Company's statement of financial position because the Company was incorporated on 11 March 2010.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

Pursuant to a group reorganisation (the "Group Reorganisation") carried out by the Group to rationalise the structure of the Group in preparation for the initial public offering of the Company's shares on the HKEX, the Company became the holding company of the subsidiaries comprising the Group. This was accomplished by the follow steps:

(a) As at 11 March 2010, 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 transferred its 1 ordinary share of the Company to Jumbo Hill Group Limited ("Jumbo Hill"), a wholly owned subsidiary of Mulpha.

(b) On 25 June 2010, Chief Strategy Limited ("Chief Strategy") acquired Manta Engineering and Equipment Company, Limited ("MEECL"), Manta Equipment Rental Company Limited ("MERCL") and Manta Equipment Services Limited ("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 Shares") 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.

(c) On 25 June 2010, Mulpha Trading directed Chief Strategy to allot and issue the 3 Chief Strategy Shares to Jumbo Hill.

(d) On 25 June 2010, Manta Far East directed Chief Strategy to allot and issue the 261 Chief Strategy Shares to Jumbo Hill.

(e) On 25 June 2010, Gold Lake Holdings Limited ("Gold Lake") acquired the entire share capital of Manta Equipment (S) Pte Ltd ("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 Shares"), as to 88 Gold Lake Shares to Mulpha Trading and as to 12 Gold Lake Shares to Pan Ocean, all credited as fully paid.

(f) On 25 June 2010, Mulpha Trading directed Gold Lake to allot and issue the 88 Gold Lake Shares to Jumbo Hill.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

(g) 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 allotment and issue of 99,999,999 ordinary shares of the Company as to 87,999,999 ordinary shares to Jumbo Hill and as to 12,000,000 ordinary shares to Pan Ocean, all credited as fully paid.

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 group of shareholders under a contractual arrangement ("Single Party") 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 statements has 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 consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group include the results and cash flows of the Company and its subsidiaries from 1 January 2009, 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 period. The consolidated statement of financial position of the Group 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 consolidated 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.

The interests of equity holders other than the Single Party in the combining companies have been presented as non-controlling interests in the financial statements.

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

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new / revised HKFRSs - effective 1 January 2010

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new / revised standards and interpretations has no significant impact on the Group's financial statements.

HKAS 27(Revised) – Consolidated and Separate Financial Statements

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of HK Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively with consequential reclassification adjustments to comparatives as at 31 December 2009. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new / revised HKFRSs - effective 1 January 2010 *(Continued)*

Effect of adoption of HK Interpretation 5 on the consolidated statement of financial position is summarised below:

	31 December 2010	31 December 2009	1 January 2009
	HK$'000	HK$'000	HK$'000
Increase/(decrease) in			
Current liabilities			
– Bank borrowings	**4,563**	6,299	—
Non-current liabilities			
– Bank borrowings	**(4,563)**	(6,299)	—

The Group had not made a retrospective statement at 1 January 2009 as there was no non-current portion of bank borrowings at that date. No consolidated statement of financial position at 1 January 2009 is presented.

(b) New / revised HKFRSs that have been issued but are not yet effective

The following new / revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[2&3]
Amendments to HKAS 32	Classification of Rights Issues[1]
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[5]
HKFRS 9	Financial Instruments[6]

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New / revised HKFRSs that have been issued but are not yet effective *(Continued)*

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new / revised HKFRSs and the directors so far concluded that the application of these new / revised HKFRSs will have no material impact on the Group's financial statements.

4. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA (hereinafter collectively referred to as the "HKFRSs") and the requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on HKEX ("Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for land and buildings carried at fair value and derivative financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong Dollars (HK$), which is also the functional currency of the Company.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the companies comprising the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

4. BASIS OF PREPARATION *(Continued)*

(e) 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.

Non-controlling 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.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Profit or loss attributable to the non-controlling interests are presented separately in the consolidated statement of comprehensive income as an allocation of the Group's results. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(f) 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.

4. BASIS OF PREPARATION *(Continued)*

(f) Property, plant and equipment *(Continued)*

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 carried at fair value.

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.

(g) Leasing

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.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as 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 is recognised in accordance with note 4(k). 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.

4. BASIS OF PREPARATION *(Continued)*

(g) Leasing *(Continued)*

The Group as lessee

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.

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.

(h) Financial instruments

(i) Financial assets

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

4. BASIS OF PREPARATION *(Continued)*

(h) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

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.

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.

4. BASIS OF PREPARATION *(Continued)*

(h) Financial instruments *(Continued)*

(ii) 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:

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.

4. BASIS OF PREPARATION *(Continued)*

(h) Financial instruments *(Continued)*

(ii) Impairment of financial assets *(Continued)*

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 were recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

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.

4. BASIS OF PREPARATION *(Continued)*

(h) Financial instruments *(Continued)*

(iii) Financial liabilities

The Group's financial liabilities include trade and other payables, accruals, bank borrowings, finance lease payables, derivative financial instrument, amounts due to fellow subsidiaries and a related party.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as in accordance with the Group's accounting policy for borrowing costs.

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.

Derivative

Derivative including separated embedded derivatives are measured at fair value (Note 4(h)(iv)).

Other financial liabilities

Other financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

4. BASIS OF PREPARATION *(Continued)*

(h) Financial instruments *(Continued)*

(iv) 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.

(v) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(i) Inventories and consumables

Inventories are carried at the lower of cost and net realisable value. Cost is determined using first-in first-out basis. 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.

(j) 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.

4. BASIS OF PREPARATION *(Continued)*

(k) 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, dividend 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 sales of goods is recognised when the significant risks and rewards of ownership have been transferred 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 dispatch 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 income is recognised when the right to receive payment is established.

(l) Borrowing costs

Borrowing costs are expensed when incurred except for 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.

Borrowing costs include interest charge and other costs incurred in connection with the borrowing funds, including amortisation of discounts or premiums relating to the borrowing, and amortisation of ancillary incurred in connection with arranging the borrowing.

4. BASIS OF PREPARATION *(Continued)*

(m) Income taxes

Income taxes for the year comprise current tax 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 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 equity if they relate to items that are charged or credited directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

— the Group has the legally enforceable right to set off the recognised amounts; and

— 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,

— the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

— the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — 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.

4. BASIS OF PREPARATION *(Continued)*

(n) Foreign currency

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 statements, 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.

(o) 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.

4. BASIS OF PREPARATION *(Continued)*

(o) Employee benefits *(Continued)*

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.

(p) 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.

(q) 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.

4. BASIS OF PREPARATION *(Continued)*

(r) 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.

(s) Related parties

For the purposes of these financial statements, 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.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) 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.

(b) 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 4(f). The fair value of the leasehold land and building is determined by a firm of independently qualified professional surveyor. 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.

(c) 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.

(d) 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.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(e) 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.

6. 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.

Segment result excludes corporate expenses which mainly include listing expenses. Segment assets include all assets but exclude corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter. Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocation has been applied to reportable segments.

6. SEGMENT REPORTING *(Continued)*

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 2010						
Revenue						
From external customers	26,205	111,903	1,268	—	—	139,376
From inter segment	11,316	—	—	—	(11,316)	—
Reportable segment revenue	37,521	111,903	1,268	—	(11,316)	139,376
Reportable segment profit/(loss)	(120)	30,257	(374)	(92)	1,584	31,255
Unallocated corporate expenses						(10,408)
Profit for the year						20,847
Other reportable segment information						
Interest income	36	258	32	—	—	326
Interest expenses	(581)	(4,591)	(16)	—	—	(5,188)
Depreciation of non-financial assets	(5,766)	(18,656)	(545)	—	—	(24,967)
Gain on disposal of property, plant and equipment	—	23,836	—	—	—	23,836
Fair value gain of derivative financial instrument	159	—	—	—	—	159
Income tax credit	1,907	—	—	—	—	1,907
Reversal of provisions of buy-back options	767	—	—	—	—	767
Additions to non-current segment assets during the year	7,452	52,032	—	—	—	59,484
As at 31 December 2010						
Reportable segment assets	91,793	241,504	4,705	97	(7,403)	330,696
Unallocated segment assets						389
Total assets						331,085
Reportable segment liabilities	39,101	170,994	1,021	547	(75,037)	136,626
Unallocated segment liabilities						557
Total liabilities						137,183

6. SEGMENT REPORTING *(Continued)*

	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	52,771	133,315	1,705	1,986	(6,268)	183,509
Reportable segment profit/(loss)	11,598	17,002	(79)	81	(111)	28,491
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 instrument	(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	87,070	194,710	6,716	1,440	(9,398)	280,538
Reportable segment liabilities	32,358	158,882	1,108	2,442	(8,512)	186,278

6. SEGMENT REPORTING *(Continued)*

The following table presents the revenue from external customers by locations/jurisdictions on the locations of customers which the Group derived revenue for the year.

	Hong Kong	Singapore	Vietnam	Macau	The People's Republic of China	Sri Lanka	Poland	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2010	**27,476**	**108,763**	**4**	**—**	**—**	**246**	**1,152**	**1,735**	**139,376**
Year ended 31 December 2009	33,488	120,083	1,705	5,184	9,850	138	11,758	1,303	183,509

The Group's revenue from external customers for different products and services is set out in note 7.

No customer attributed more than 10% of the Group's total revenue (2009: nil).

7. REVENUE

The Group's principal activities are trading of construction machinery and spare parts, leasing of the construction machinery and providing repair and maintenance of services in respect of the construction machinery.

Revenue from the Group's principal activities during the year is as follows:

	2010	2009
	HK$'000	HK$'000
Sale of machinery	**29,306**	51,182
Sale of spare parts	**6,246**	12,446
Rental income from leasing of		
– Owned assets	**62,431**	72,752
– Leased assets	**28,547**	28,762
Service income	**12,846**	18,367
	139,376	183,509

8. OTHER INCOME

	2010	2009
	HK$'000	HK$'000
Bank interest income	326	490
Compensation received	851	418
Dividend income	310	—
Net foreign exchange gain	1,307	—
Gain on disposal of property, plant and equipment	23,836	—
Recovery of impaired trade receivables	—	1,027
Reversal of provision of buy-back options	767	—
Sales of fixing angles	385	58
Territory commission	—	274
Others	114	21
	27,896	2,288

9. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Interest charges on financial liabilities stated at amortised cost:		
– Bank borrowings wholly repayable within five years	689	108
– Finance lease payables wholly repayable within five years	3,543	3,030
– Advances from fellow subsidiaries	432	786
– Advance from a related company	3	10
– Trade payables	520	2,336
– Others	1	257
	5,188	6,527

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause in accordance with the agreed scheduled repayments dates set out in the loan agreements. The interest on term loans which include a repayment on demand clause amounted to approximately HK$689,000 (2009: HK$108,000).

10. PROFIT BEFORE INCOME TAX EXPENSE

	2010	2009
	HK$'000	HK$'000
Profit before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	1,255	286
Cost of inventories recognised as an expense	26,852	39,017
Depreciation of property, plant and equipment (Note (i))		
– Owned assets	15,917	11,221
– Leased assets	9,050	10,290
Allowance for impairment of trade receivables (Note (ii))	—	67
Allowance for impairment of inventories (Note (iii))	—	5
(Gain)/loss on disposal of property, plant and equipment	(23,836)	14
Fair value (gain)/loss of derivative financial instruments	(159)	159
Listing expenses	8,259	—
Operating lease charges in respect of land and buildings	3,426	3,288
Staff costs (including directors' remuneration (Note 14))		
– Wages, salaries and bonus	16,762	15,903
– Contribution to defined contribution pension plans (Note (iv))	1,500	1,061
Net foreign exchange (gain)/loss	(1,307)	365
Net rental income from subletting of plant and machinery	(5,964)	(3,514)

Notes:

(i) Depreciation of approximately HK$24,961,000 (2009: HK$21,346,000) has been charged to other operating expenses. Depreciation of approximately HK$6,000 (2009: HK$165,000) has been charged to administrative expenses.

(ii) Allowance for impairment on trade receivables had been included in administrative expenses.

(iii) Allowance for impairment of inventory had been included in cost of inventories.

(iv) During the year, the Group had no forfeited contributions available to reduce its contributions to the pension schemes (2009: nil).

11. INCOME TAX CREDIT/(EXPENSE)

	2010	2009
	HK$'000	HK$'000
Current tax – overseas		
– Current year	—	(1,087)
Deferred tax		
– Current year	1,907	(7,362)
– Overprovision in prior year	—	35
	1,907	(7,327)
Total income tax credit/(expense)	1,907	(8,414)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("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 profits during the year. 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 year.

No provision for Singapore Profits Tax has been provided as the Group has no assessable profit for the year. Singapore Profits Tax had been provided for the year ended 31 December 2009 at a tax rate of 17% on the estimated assessable profit.

A reconciliation of income tax credit/(expense) and accounting profit at applicable tax rate is as follows:

	2010	2009
	HK$'000	HK$'000
Profit before income tax expense	18,940	36,905
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	3,125	6,089
Tax effect of different tax rates of subsidiaries	151	127
Tax effect of non-deductible expenses	5,491	4,145
Tax effect of non-taxable income	(4,821)	(903)
Tax effect of temporary difference not recognised	(425)	(19)
Tax effect of prior year's unrecognised tax losses utilised this year	(658)	(1,025)
Tax effect of tax losses not recognised	(4,770)	—
Income tax (credit)/expense	(1,907)	8,414

12. DIVIDEND

No dividend has been paid or declared by the Company since the date of incorporation.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$20,971,000 (2009: HK$28,517,000) and on the weighted average number of 157,476,028 (2009: 118,450,000) ordinary shares in issue during the year, as adjusted to reflect the ordinary shares issued for the Group Reorganisation (Note 30 (iii)) and capitalisation issue (Note 30 (v)).

No diluted earnings per share is presented as the Group has no dilutive potential shares during the year (2009: nil).

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

	Directors' fees	Other emoluments Salaries, allowances and other benefits	Discretionary bonuses	Contribution to pension plan	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010					
Executive directors					
Mr. Chung Tze Hien	62	—	—	—	62
Mr. Quek Chang Yeow	—	1,014	412	64	1,490
Mr. Lai Siu Shing	—	1,088	69	12	1,169
Independent non-executive directors					
Mr. Cheung Chi Wai Vidy	31	10	—	—	41
Mr. Lau Wing Yuen	31	10	—	—	41
Mr. Louie Chun Kit	31	27	—	—	58
	155	2,149	481	76	2,861
2009					
Executive directors					
Mr. Chung Tze Hien	—	—	—	—	—
Mr. Quek Chang Yeow	—	747	202	62	1,011
Mr. Lai Siu Shing	—	672	64	12	748
Independent non-executive directors					
Mr. Cheung Chi Wai Vidy	—	—	—	—	—
Mr. Lau Wing Yuen	—	—	—	—	—
Mr. Louie Chun Kit	—	—	—	—	—
	—	1,419	266	74	1,759

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2009: nil).

During the year, 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 (2009: nil).

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors for the year (2009: 2 directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 individuals for the year (2009: 3 individuals) are as follows :

	2010	2009
	HK$'000	HK$'000
Salaries and other emoluments	**1,597**	910
Discretionary bonuses	**348**	77
Contribution to pension plans	**134**	54
	2,079	1,041

The emoluments of non-director individuals fell within the following bands:

	2010	2009
Nil to HK$1,000,000	**3**	3

During the year, 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 (2009: nil).

15. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Land and building carried at fair value	Building carried at cost	Plant and machinery	Furniture and fixture	Office and other equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 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 carrying amount	2,515	4,536	118,199	253	303	1,304	127,110
Year ended 31 December 2009							
Opening net carrying 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 carrying amount	4,068	4,644	135,279	171	579	1,142	145,883
At 31 December 2009 and 1 January 2010							
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 carrying amount	4,068	4,644	135,279	171	579	1,142	145,883
Year ended 31 December 2010							
Opening net carrying amount	4,068	4,644	135,279	171	579	1,142	145,883
Additions	—	—	53,769	20	296	585	54,670
Disposals	—	(4,889)	(1,340)	(1)	(7)	(86)	(6,323)
Depreciation	(108)	(102)	(23,918)	(99)	(258)	(482)	(24,967)
Transfer to inventories	—	—	(780)	—	—	—	(780)
Valuation adjustment	1,038	—	—	—	—	—	1,038
Exchange differences	—	347	7,056	1	3	79	7,486
Closing net carrying amount	4,998	—	170,066	92	613	1,238	177,007
At 31 December 2010							
Cost or valuation	4,998	—	310,630	2,658	3,692	3,483	325,461
Accumulated depreciation	—	—	(140,564)	(2,566)	(3,079)	(2,245)	(148,454)
Net carrying amount	4,998	—	170,066	92	613	1,238	177,007

15. PROPERTY, PLANT AND EQUIPMENT - GROUP *(Continued)*

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	Building carried at cost	Plant and machinery	Furniture and fixture	Office and other equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2010							
At cost	—	—	170,066	92	613	1,238	172,009
At valuation	4,998	—	—	—	—	—	4,998
	4,998	—	170,066	92	613	1,238	177,007
At 31 December 2009							
At cost	—	4,644	135,279	171	579	1,142	141,815
At valuation	4,068	—	—	—	—	—	4,068
	4,068	4,644	135,279	171	579	1,142	145,883

The Group's land and building carried at fair value were valued at 31 December 2010 on an open market value basis 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. Fair values were estimated based on recent market transactions, which were then adjusted for specific conditions relating to the land and buildings. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income.

Had the land and building carried at fair value been measured on cost model, the net carrying amount would have been as follows:

	2010	2009
	HK$'000	HK$'000
Cost	**1,871**	1,871
Accumulated depreciation	**(653)**	(631)
Net carrying amount	**1,218**	1,240

At 31 December 2010, the Group's building was situated in the Hong Kong (2009: Hong Kong and Singapore) and are held under leases terms of 50 years (2009: 10 to 50 years).

At 31 December 2010, the net carrying amount of the Group's plant and machinery and motor vehicles included an amount of HK$71,588,000 (2009: HK$97,872,000) in respect of assets held under finance lease (Note 27).

At 31 December 2010, the net carrying amount of the Group's plant and machinery included an amount of HK$6,636,000 (2009: HK$7,460,000) were pledged as security for bank borrowings (Note 26).

15. PROPERTY, PLANT AND EQUIPMENT - GROUP *(Continued)*

At 31 December 2010, the net carrying amount of the Group's land and building carried at fair value included an amount of approximately HK$5,000,000 (2009: land and building carried at fair value and building carried at cost of approximately HK$8,712,000) were pledged as security for bank borrowings (Note 26).

The net carrying amount of the Group's land and building carried at fair value included an amount of approximately HK$4,998,000 (2009: HK$4,068,000) were pledged as security for finance lease payables (Note 27).

16. AVAILABLE-FOR–SALE INVESTMENT - GROUP

	2010	2009
	HK$'000	HK$'000
Unlisted equity investment, at cost	580	580

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-owned joint venture enterprise 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 reporting date.

17. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2010
	HK$'000
Investments in subsidiaries	
Unlisted shares, at cost	105,597
Amounts due from subsidiaries	39,597

The amounts due from subsidiaries were unsecured, interest free and repayable on demand.

17. INTERESTS IN SUBSIDIARIES - COMPANY *(Continued)*

At 31 December 2010, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name	Place of incorporation	Particulars of issued and fully paid share capital / registered capital	Effective interest held by the Company	Principal activities
Interests held directly				
Chief Strategy	BVI	300 ordinary shares of USD1 each	100%	Investment holding
Gold Lake	BVI	100 ordinary shares of USD1 each	100%	Investment holding
Interests held indirectly				
MEECL	Hong Kong	145,306 ordinary shares of HK$100 each	100%	Trading in construction machinery and spare parts
MERCL	Hong Kong	96,148 ordinary shares of HK$100 each	100%	Leasing of construction machinery and provision of repair and maintenance services
ME(S)L	Singapore	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	1,132 ordinary shares of HK$100 each	100%	Investment holding
Manta-Vietnam Construction Equipment Leasing Limited	Vietnam	Owner invest equity VND10,649,879,390	67%	Leasing of construction equipment
Manta Engineering and Equipment (Macau) Company Limited	Macau	1 quota with nominal value of MOP25,000	100%	Leasing of construction equipment
Manta Services (S) Pte Limited	Singapore	10,000 ordinary shares of S$1 each	100%	Inactive
Manta Engineering Pte Limited	Singapore	2 ordinary shares of S$1 each	100%	Inactive

18. INVENTORIES AND CONSUMABLES - GROUP

	2010	2009
	HK$'000	HK$'000
Cranes and spare parts	31,090	36,865

19. TRADE RECEIVABLES - GROUP

	2010	2009
	HK$'000	HK$'000
Trade receivables, gross	35,475	31,495
Less: Provision for impairment	(189)	(221)
Trade receivables, net	35,286	31,274

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 reporting date, net of impairment, based on invoice date, is as follows:

	2010	2009
	HK$'000	HK$'000
0 – 30 days	11,887	13,505
31 – 60 days	10,307	9,595
61 – 90 days	1,160	272
Over 90 days	11,932	7,902
	35,286	31,274

19. TRADE RECEIVABLES - GROUP *(Continued)*

The movement in the allowance for impairment of trade receivables during the year is as follows:

	2010	2009
	HK$'000	HK$'000
At 1 January	221	1,077
Impairment loss recognised	—	67
Amount recovered during the year	—	(1,027)
Net exchange differences	(32)	104
At 31 December	189	221

At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis. At 31 December 2010, the Group has determined trade receivables of approximately HK$189,000 as individually impaired (2009: HK$221,000). Based on this assessment, no impairment loss had been written back for the year (2009: HK$1,027,000). 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:

	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	11,456	8,479
Not more than 3 months past due	16,838	19,784
Over 3 months past due	6,992	3,011
	35,286	31,274

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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES - GROUP AND COMPANY

	2010	2009
	HK$'000	HK$'000
Group		
Non-current portion		
Deposit paid for acquisition of a property (Note 33(c))	**4,814**	—
Current portion		
Prepayments	**9,107**	6,747
Deposits	**2,637**	2,497
Other receivables	**865**	884
	12,609	10,128

	2010
	HK$'000
Company	
Prepayments	**389**

None of above financial 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 this financial asset which is measured at amortised cost, is expected to be repaid within a short timescale, such that the time value of money is not significant.

21. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS - GROUP AND COMPANY

Pledged bank deposits have maturities of 9 months as at 31 December 2010 (2009: 6 months). Such deposits have been pledged to certain banks as securities for bank borrowings (Note 26) and finance lease payables (Note 27) (2009: bank borrowings). The effective interest rates of the Group's pledged bank deposits were set out in note 36.

Bank balances earn interest at floating rates based on daily bank deposit rates.

22. TRADE PAYABLES - GROUP

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 2010, trade payables of approximately HK$23,599,000 (2009: HK$14,558,000) were interest-bearing at 5%(2009: 4% to 5%) per annum.

The ageing analysis of trade payables as at the reporting date, based on invoice date, is as follows:

	2010	2009
	HK$'000	HK$'000
0 – 30 days	**12,639**	21,012
31 – 60 days	**11,501**	5,875
61 – 90 days	**469**	1,433
Over 90 days	**21,782**	3,267
	46,391	31,587

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.

23. RECEIPT IN ADVANCE, ACCRUALS AND OTHER PAYABLES - GROUP AND COMPANY

	2010	2009
	HK$'000	HK$'000
Group		
Receipt in advance	**14,190**	22,030
Accruals	**4,874**	3,726
Other payables	**4,291**	4,376
	23,355	30,132

	2010
	HK$'000
Company	
Accruals	**557**

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.

24. DERIVATIVE FINANCIAL INSTRUMENT - GROUP

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, members of LCH are professional members of the Hong Kong Institute of Surveyors. 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

25. AMOUNTS DUE TO FELLOW SUBSIDIARIES AND A RELATED COMPANY - GROUP

	2010	2009
	HK$'000	HK$'000
Fellow subsidiaries		
Asian Fame Development Company Limited		
- Interest bearing at Hong Kong prime rate plus 3% per annum	—	1,313
- Interest free	—	2,016
MIB Pte Ltd		
- Interest bearing at 2% per annum	—	33,439
	—	36,768
A related company		
Carpo Rich Limited ("Carpo Rich")		
- Interest bearing at Hong Kong prime rate plus 3% per annum	—	167

Carpo Rich was a wholly–owned company of Mr Ku Sze King, a former director of a subsidiary, who also owned as to 100% equity interest of Pan Ocean.

The amounts due were unsecured and repayable on demand.

26. BANK BORROWINGS - GROUP

	2010	2009
	HK$'000	HK$'000 (restated) (Note 3(a))
Repayable:		
Within one year	**2,206**	2,100
More than one year, but not exceeding two years	**4,563**	6,299
Classified as current liabilities	**6,769**	8,399

Bank borrowings were denominated in Singapore Dollars. The effective interest rates of the Group's bank borrowings were set out in note 36.

At 31 December 2010, bank borrowings of the Group were secured by bank deposits (Note 21), land and building carried at fair value (Note 15), and plant and machinery of the Group (Note 15) and corporate guarantees executed by the Company.

At 31 December 2009, bank borrowings of the Group were secured by bank deposits (Note 21), land and building carried at fair value (Note 15), building carried at cost (Note 15), plant and machinery of the Group (Note 15) and corporate guarantees executed by Mulpha.

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.

The current liabilities included bank borrowings of approximately HK$4,563,000 (2009: HK$6,299,000) that are not scheduled to repay within one year. They were classified as current liabilities as the related loan agreements contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

27. FINANCE LEASE PAYABLES - GROUP

	2010	2009
	HK$'000	HK$'000
Total minimum lease payments:		
Due within one year	21,627	30,554
Due in the second to fifth years	34,933	44,930
	56,560	75,484
Future finance charges on finance leases	(4,395)	(7,165)
Present value of finance lease liabilities	52,165	68,319
Present value of minimum lease payments:		
Due within one year	18,917	27,468
Due in the second to fifth years	33,248	40,851
	52,165	68,319
Less: Portion due within one year included under current liabilities	(18,917)	(27,468)
Portion due after one year included under non-current liabilities	33,248	40,851

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 for it to be reasonably certain, at the inception of the lease, that the option will be exercised. None of the leases include contingent rentals.

Finance lease payables bore interest at fixed interest rates. The effective interest rates of the Group's finance lease payables were set out in note 36.

At 31 December 2010, finance lease payables of the Group were secured by bank deposits (Note 21), land and building carried at fair value of the Group (Note 15) and corporate guarantees executed by the Company.

At 31 December 2009, finance lease payables of the Group were secured by corporate guarantees executed by Mulpha, ultimate holding company, land and building carried at fair value of the Group (Note 15) 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.

28. PROVISION - GROUP

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 year is as follows :

	2010	2009
	HK$'000	HK$'000
At 1 January	767	767
Provision reversed during the year	(767)	—
At 31 December	—	767

29. DEFERRED TAX - GROUP

Deferred tax is calculated in full on temporary differences under the liability method using the following principal tax rates:

	2010	2009
	HK$'000	HK$'000
Hong Kong profits tax	16.5%	16.5%
Singapore profits tax	17%	17%

The movement on deferred tax (liabilities)/assets is as follows:

	Deferred tax liabilities attributable to accelerated tax depreciation	Deferred tax assets attributable to tax losses	Net
	HK$'000	HK$'000	HK$'000
At 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	—	(4)	(4)
At 31 December 2009 and 1 January 2010	(8,893)	—	(8,893)
Recognised in the profit or loss	1,907	—	1,907
Exchange differences	(348)	—	(348)
At 31 December 2010	(7,334)	—	(7,334)

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 HK$60 million (2009: HK$31 million) to carry forward against future taxable income. These tax losses do not expire under current legislation.

30. SHARE CAPITAL

	Notes	Number of shares	Amount
			HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
Authorised ordinary shares at the date of incorporation	(i)	5,000,000	50
Increase in authorised ordinary shares	(ii)	199,995,000,000	1,999,950
At 31 December 2010		200,000,000,000	2,000,000
Issued and fully paid:			
Issue of ordinary shares at the date of incorporation	(i)	1	—
Issue of ordinary shares on Group Reorganisation	(iii)	99,999,999	1,000
Issue of ordinary shares on loan capitalisation	(iv)	31,550,000	316
Issue of ordinary shares on capitalisation issue	(v)	18,450,000	184
Issue of ordinary shares under Share Offer	(vi)	50,000,000	500
At 31 December 2010		200,000,000	2,000

Notes:

(i) 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. Following the incorporation, one ordinary share of HK$0.01 was allotted and issued at par.

(ii) Pursuant to the written resolutions dated 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 ordinary shares of HK$0.01 each by creation of additional 199,995,000,000 ordinary shares.

(iii) On 25 June 2010, the Company allotted and issued 99,999,999 ordinary shares, all credited as fully paid, in consideration for the acquisition of Chief Strategy and Gold Lake upon completion of the Group Reorganisation.

(iv) On 25 June 2010, the outstanding balance with certain fellow subsidiaries, which are wholly owned by Mulpha, of approximately HK$25,565,000 was capitalised, pursuant to which 31,550,000 ordinary shares of HK$0.01 each were issued at a price of approximately HK$0.81 each to Jumbo Hill, the immediate holding company of the Company and a wholly owned subsidiary of Mulpha. A share premium of approximately HK$25,249,000 arose and was recorded as equity of the Company.

(v) On 16 July 2010, written resolution of all the shareholders were passed pursuant to conditional upon the share premium account of the Company being credited as a result of initial public offering, the directors were authorised to capitalise an amount of HK$184,500 from the share premium account of the Company for paying up in full at par 18,450,000 ordinary shares of HK$0.01 each for allotment and issue to the person(s) whose name(s) appears on the register of members of the Company at the close of business on 16 July 2010.

(vi) On 19 July 2010, the Company allotted and issued 50,000,000 ordinary shares of HK$0.01 each upon listing of shares on the HKEX at a price of HK$1 each (the "Share Offer"). The total number of issued shares of the Company after the Share Offer was 200,000,000 shares.

31. RESERVES - GROUP AND COMPANY

Merger reserve

The merger reserve of the Group, arose as a result of the Group Reorganisation which was completed on 25 June 2010, represented the difference between (a) the sum of nominal value of the combined capital and share premium of the Group and (b) the nominal value of the share capital of the Company.

Contributed surplus

Contributed surplus of the Company represented the difference between the net asset value transferred from MEECL, MERCL, ME(S)L and MESL to the Company pursuant to the Group Reorganisation and the nominal value of share capital and share premium of the Company.

Share premium

The share premium account mainly included shares issued at a premium arose from loan capitalisation and listing of shares.

Group

Details of the movements on the Group's reserve are as set out in the consolidation statements of changes in equity.

Company

	Share premium	Contributed surplus	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 11 March 2010 (Date of incorporation)	—	—	—	—
Issue of ordinary shares pursuant to Group Reorganisation	—	104,597	—	104,597
Issue of ordinary shares on loan capitalisation (Note 30(iv))	25,249	—	—	25,249
Issue of ordinary shares on capitalisation issue (Note 30(v))	(184)	—	—	(184)
Issue of ordinary shares under Share Offer (Note 30(vi))	49,500	—	—	49,500
Share issue expenses (Note 30(vi))	(4,597)	—	—	(4,597)
Transactions with owners	69,968	104,597	—	174,565
Loss for the period	—	—	(10,217)	(10,217)
Balance at 31 December 2010	69,968	104,597	(10,217)	164,348

32. OUTSTANDING CLAIM - GROUP

The Group had received two letters 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 Company, 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 unfavourable to the Group, the amount of estimated potential loss would be around HK$410,000 for settlement sum and HK$350,000 for the legal costs.

No provision for the claim has been made as at reporting date 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. 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 these financial statements, 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.

33. COMMITMENTS - GROUP AND COMPANY

(a) Operating lease commitment – Group 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:

	2010	2009
	HK$'000	HK$'000
Within one year	**11,576**	34,332
In the second to fifth years, inclusive	**1,576**	2,373
	13,152	36,705

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:

	2010	2009
	HK$'000	HK$'000
Within one year	**5,694**	14,039
In the second to fifth years, inclusive	**899**	358
	6,593	14,397

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 leasee to pay security deposits.

The Company does not have any minimum lease receipts under non-cancellable operating leases.

33. COMMITMENTS - GROUP AND COMPANY *(Continued)*

(b) Operating lease commitment – Group 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:

	2010	2009
	HK$'000	HK$'000
Within one year	**1,563**	1,555
In the second to fifth years, inclusive	**3,449**	4,381
After five years	**1,913**	2,198
	6,925	8,134

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.

The Company does not have any significant operating lease commitments as lessee.

(c) Capital commitment

	2010	2009
	HK$'000	HK$'000
Group		
Property, plant and equipment – a property		
Contracted but not provided for	**43,323**	—

The Company does not have any significant capital commitments.

34. RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in the financial statements, the Group have the following related party transactions during the year.

(i) Significant related party transactions during the year

	2010	2009
	HK$'000	HK$'000
Management fee payable to ultimate holding company	30	120
Interest paid to fellow subsidiaries	432	786
Interest paid to a related company	3	10
Rental paid to a fellow subsidiary	5	21

The terms of transaction were mutually agreed by the Group and the ultimate holding company / fellow subsidiaries / a related company.

(ii) Key management personnel compensation

	2010	2009
	HK$'000	HK$'000
Directors and other members of key management		
Short-term employee benefits	4,528	1,685
Post employment benefit	210	74
	4,738	1,759

35. SIGNIFICANT NON-CASH TRANSACTIONS

Additions to property, plant and equipment of HK$33,134,000 (2009: HK$38,076,000) were financed by finance leases.

Amounts due to fellow subsidiaries, which are wholly owned by Mulpha, of approximately HK$25,565,000 (2009: nil) was capitalised (Note 30(iv)).

An amount of HK$184,500 (2009: nil) were capitalised from the share premium account of the Company (Note 30(v)).

36. 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. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(a) Interest rate risk *(Continued)*

(i) Exposure

The following table details the interest rate profile of the Group's and the Company's financial instruments at the reporting date:

	Effective interest rate		Carrying amount	
	2010	2009	**2010**	2009
	%	%	**HK$'000**	HK$'000
Group				
Variable rate instruments				
Financial assets				
Pledged bank deposits	**0.4**	0.4 – 1.0	**3,697**	9,838
Cash and cash equivalents	**0-0.2**	0.1 – 1.0	**66,002**	45,970
			69,699	55,808
Financial liabilities				
Bank borrowings	**5.0**	5.0	**6,769**	8,399
Amounts due to fellow subsidiaries	**N/A**	2.0 - 8.3	**—**	34,752
Amount due to a related company	**N/A**	8.3	**—**	167
			6,769	43,318
Fixed rate instruments				
Financial liabilities				
Trade payables	**5.0**	4.0 – 5.0	**23,599**	14,558
Finance lease payables	**5.0-8.3**	4.4 – 8.3	**52,165**	68,319
			75,764	82,877
Net exposure			**(12,834)**	(70,387)

	2010	2010
Company	**2010**	**2010**
Variable rate instruments	**%**	**HK$'000**
Financial assets		
Cash and cash equivalents	**0-0.2**	**21,322**

The policies to manage interest rate risk have been followed by the Group and the Company consistently throughout the year.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(a) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

The following table illustrates the sensitivity of profit after income tax and retained earnings for the year to a reasonably possible change in interest rates of +1%, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and all other variables are held constant.

	2010	2009
	HK$'000	HK$'000
Effect on profit after tax for the year and retained earnings	(105)	(584)

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.

The Company has no significant interest rate risks.

(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 and Company's maximum exposure to credit risk is limited to the carrying amounts of recognised financial assets at the reporting date as summarised below:

	2010	2009
	HK$'000	HK$'000
Group		
Trade receivables	35,286	31,274
Deposits and other receivables	3,502	3,381
Pledged bank deposits	3,697	9,838
Cash and cash equivalents	66,002	45,970
Overall net exposure	108,487	90,463

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(b) Credit risk *(Continued)*

	2010
	HK$'000
Company	
Amounts due from subsidiaries	39,597
Cash and cash equivalents	21,322
Overall net exposure	60,919

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 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 year 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.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(c) Foreign currency risk *(Continued)*

(i) Exposure

Foreign currency denominated financial assets and liabilities, translated into HK$ at the closing rates, are as follows:

	EUR	USD
	HK$'000	HK$'000
2010		
Cash and cash equivalents	**94**	**4,006**
Trade payables	**3,831**	**27,458**
2009		
Cash and cash equivalents	20	5,314
Trade payables	989	926

The Company has no significant foreign currency risks.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(c) Foreign currency risk *(Continued)*

(ii) Sensitivity analysis

The following table illustrates the sensitivity of the Group's profit for the year after income tax and retained earnings in regards to 1% appreciation in the Group's functional currencies against Euro and 1% against USD for the year. 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 reporting date 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	USD
	HK$'000	HK$'000
2010		
Profit after income tax and retained earnings	**31**	**195**
2009		
Profit after income tax and retained earnings	8	(36)

The same % depreciation in the Group's 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.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(d) Liquidity risk *(Continued)*

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	Total contractual undiscounted cash flow	On demand	Less than one year	More than one year
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010					
Non-derivative financial instruments					
– Trade payables	**46,391**	**47,688**	**—**	**47,688**	**—**
– Accruals and other payables	**9,165**	**9,165**	**9,165**	**—**	**—**
– Bank borrowings	**6,769**	**6,769**	**6,769**	**—**	**—**
– Finance lease payables	**52,165**	**56,560**	**—**	**21,627**	**34,933**
	114,490	**120,182**	**15,934**	**69,315**	**34,933**
2009 (restated)					
Non-derivative financial instruments					
– 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	8,399	8,399	—	—
– Finance lease payables	68,319	75,484	—	30,554	44,930
	153,342	161,162	53,436	62,796	44,930
Derivative financial instruments					
Gross settled forward foreign exchange contracts					
– cash inflow	(4,924)	(4,924)	—	(4,924)	—
– cash outflow	5,083	5,083	—	5,083	—
	159	159	—	159	—

For term loans which contain a repayment on demand clause that can be exercised at the bank's sole discretion, the analysis above shows the cash outflows based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(d) Liquidity risk *(Continued)*

Taking into account the Group's financial position the directors do not consider it probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled payment dates set out in the loan agreements which are summarised in the table below:

	Carrying amount	Total contractual undiscounted cash flow	On demand	Less than one year	More than one year but less than two years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2010	**6,769**	**7,290**	**—**	**2,494**	**4,796**
31 December 2009	8,399	9,449	—	2,205	7,244

The Company has no significant liquidity risks.

(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.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(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 consolidated 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 consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000
Liabilities			
Derivative financial instrument			
2010	**—**	**—**	**—**
2009	(159)	—	(159)

The methods and valuation techniques used for the purpose of measuring fair value are consistent throughout the year.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(g) Summary of financial assets and liabilities by category

The categories of financial assets and financial liabilities included in the consolidated statement of financial position and the headings in which they are included are as follows:

	2010	2009
	HK$'000	HK$'000
Group		
Financial assets		
Loans and receivables		
– Trade receivables	35,286	31,274
– Other receivables and deposits	3,502	3,381
– Pledged bank deposits	3,697	9,838
– Cash and cash equivalents	66,002	45,970
	108,487	90,463
At cost less impairment loss		
– Available-for-sales investment	580	580
	109,067	91,043
Financial liabilities		
At fair value through profit or loss		
– Derivative financial instrument	—	159
At amortised cost		
– Trade payables	46,391	31,587
– Accruals and other payables	9,165	8,102
– Amounts due to fellow subsidiaries	—	36,768
– Amount due to a related company	—	167
– Bank borrowings	6,769	8,399
– Finance lease payables		
– current liabilities	18,917	27,468
– non-current liabilities	33,248	40,851
	114,490	153,342
	114,490	153,501

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(g) Summary of financial assets and liabilities by category *(Continued)*

	2010
	HK$'000
Company	
Financial assets	
Loans and receivables	
– Amounts due from subsidiaries	39,597
– Cash and cash equivalents	21,322
	60,919
Financial liabilities	
At amortised cost	
– Accruals	557

37. 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 and a related company, as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

	2010	2009
	HK$'000	HK$'000
Total debts		
Bank borrowings	6,769	8,399
Finance lease payables	52,165	68,319
Amounts due to fellow subsidiaries	—	36,768
Amount due to a related company	—	167
Total debt	58,934	113,653
Total equity	193,902	94,260
Total debt to equity ratio	0.3	1.2

38. EVENTS AFTER THE REPORTING DATE

Saved as disclosed elsewhere in the financial statements, the Group had the following significant events subsequent to 31 December 2010:

On 12 January 2011, the Group had completed the acquisition of a property in Singapore for a consideration of S$8,000,000 (equivalent to approximately HK$48,137,000).

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2010 were approved for issue by the board of directors on 23 February 2011.

Four Years Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last four financial years, as extracted from the published audited financial statements and the prospectus of the Company dated 30 June 2010, is set out below:

	Notes	Year ended 31 December			
		2007	2008	2009	**2010**
		HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	6	212,874	262,537	183,509	**139,376**
Cost of sales and services		(152,148)	(186,117)	(92,720)	**(71,266)**
Gross profit		60,726	76,420	90,789	**68,110**
Other income	7	3,456	4,407	2,288	**27,896**
Selling and distribution expenses		(5,079)	(3,991)	(2,085)	**(3,626)**
Administrative expenses		(21,094)	(25,353)	(26,200)	**(43,291)**
Other operating expenses		(20,985)	(21,443)	(21,360)	**(24,961)**
Finance costs	8	(7,180)	(8,652)	(6,527)	**(5,188)**
Profit before income tax	9	9,844	21,388	36,905	**18,940**
Income tax credit/(expense)	10	4,019	(1,127)	(8,414)	**1,907**
Profit for the year		13,863	20,261	28,491	**20,847**
Other comprehensive income					
Exchange difference arising on translating of foreign operations		(60)	(428)	4,454	**6,789**
Gain on revaluation of property held for own use		—	—	1,618	**1,038**
Other comprehensive income for the year		(60)	(428)	6,072	**7,827**
Total comprehensive income for the year		13,803	19,833	34,563	**28,674**
Profit/(loss) for the year attributable to:					
Owners of the Company		13,895	20,342	28,517	**20,971**
Non-controlling interests		(32)	(81)	(26)	**(124)**
		13,863	20,261	28,491	**20,847**
Total comprehensive income attributable to:					
Owners of the Company		13,835	19,914	34,589	**28,798**
Minority interests		(32)	(81)	(26)	**(124)**
		13,803	19,833	34,563	**28,674**

Four Years Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December			
	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	**HK$'000**
TOTAL ASSETS	219,437	246,710	280,538	**331,085**
TOTAL LIABILITIES	(179,573)	(187,013)	(186,278)	**(137,183)**
NON-CONTROLLING INTERESTS	(1,623)	(1,542)	(1,516)	**(1,392)**
	38,241	58,155	92,744	**192,510**