EAGLE LEGEND ASIA

EAGLE LEGEND ASIA LIMITED
鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 936)

Annual Report 2016

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Zeng Li *(Chairman)*
Mr. Winerthan Chiu
Mr. Chan Ka Lun

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wan Tze Fan Terence
Mr. Tsui Robert Che Kwong
Ms. Yang Yan Tung Doris

COMPANY SECRETARY
Mr. Chan Tai Wah Calvin

AUTHORISED REPRESENTATIVES
Mr. Winerthan Chiu
Mr. Chan Tai Wah Calvin

PRINCIPAL BANKERS
Hong Kong
Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
United Overseas Bank Limited
Singapore
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS
Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350, Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDIT COMMITTEE
Mr. Wan Tze Fan Terence *(Chairman)*
Mr. Tsui Robert Che Kwong
Ms. Yang Yan Tung Doris

REMUNERATION COMMITTEE
Ms. Yang Yan Tung Doris *(Chairman)*
Mr. Winerthan Chiu
Mr. Wan Tze Fan Terence

NOMINATION COMMITTEE
Mr. Zeng Li *(Chairman)*
Mr. Tsui Robert Che Kwong
Ms. Yang Yan Tung Doris

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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Wan Chai, Hong Kong

AUDITOR
BDO Limited

WEBSITE
http://www.elasialtd.com

STOCK CODE
936

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of Eagle Legend Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016.

The global economic growth was recorded at 3.1% in 2016, coupled with the intense price competition of construction industry in both Hong Kong and Singapore which in turn lead to a decrease in our crane sales and rental business in the year under review.

Hong Kong economy expanded by 1.9% in 2016, compared with the growth for 2.4% for 2015, with the increase in both private and public construction works. On the other hand, the Singapore's gross domestic product (GDP) growth further dropped to 1.8% in 2016, compared with 2.1% in 2015, while the construction demand for private sector projects continued to slide.

In 2016, the Group recorded a total revenue of approximately HK$214.6 million, representing a decrease of 10.5% from that of approximately HK$239.8 million recorded in the previous year. The decrease was mainly attributable to the decrease of rental income from leasing of machinery and the related service income.

Due to the decrease in revenue and increase in administrative and operating expenses of the Group in 2016, loss for the year was recorded at approximately HK$72.2 million, representing an increase of 71.5% from that of approximately HK$42.1 million recorded in previous year.

During the year under review, the Group acquired 51% equity interest in Best Earnest Investments Limited ("Best Earnest"), a company indirectly holds 80% of the registered capital of a company established in the People's Republic of China (the "PRC"), 廣東大合生物科技股份有限公司 (for identification purpose, in English, Guangdong Dahe Biological Technologies Limited) ("Guangdong Dahe"), which is principally engaged in the cultivation, research, processing and sale of exocarpium citri grandis (化橘紅), a Chinese herbal medicine, and its seedlings in Huazhou City, Guangdong Province, the PRC. The scale of exocarpium citri grandis cultivation business operated by Guangdong Dahe is among one of the biggest in Huazhou City with total area of woodlands of 2,151.36 mu. With its edge in respect of resources and experience in the cultivation of exocarpium citri grandis, Guangdong Dahe is expected to provide a stable source of supply of the exocarpium citri grandis to meet with the growth of market demand and in turn providing a stable income stream to the Group.

Looking ahead, in view of the newly acquired business, the Group will exercise its best effort in expanding and strengthening its cultivation business in exocarpium citri grandis, and continue to support both the construction equipment and sales of proprietary Chinese medicine and health products businesses. On the other hand, the Group will also continue to gear up to explore new business opportunities in the market and expand our business scope which aim to contribute a satisfying returns to the Shareholders in the long run.

The performance of the Company is contributed by the dedicated efforts of our management and staff and the strong support from all sectors of the business community. On behalf of the board (the "Board") of directors of the Company (the "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.

Zeng Li
Chairman

Hong Kong
22 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2016, the Group generated revenue of approximately HK$214.6 million (2015: approximately HK$239.8 million) with a loss for the year of approximately HK$72.2 million (2015: approximately HK$42.1 million).

Business Review

For the year ended 31 December 2016, the Group recorded revenue of approximately HK$214.6 million compared to approximately HK$239.8 million achieved in the previous year.

The decrease in revenue for the year under review was mainly attributable to the decrease of rental income from leasing of machinery and the related service income. However, a modest growth was recorded in sales of machinery and spare parts over the same period of 2015.

Revenue from sales of machinery of approximately HK$54.4 million was recorded for the year under review, representing an increase of approximately 9.2% compared to the amount we achieved in 2015. The growth in sales of machinery was mainly due to the increase in disposal of used cranes to South Korea and locally in Hong Kong. The revenue from sales of spare parts also recorded an increase from approximately HK$3.6 million in the previous year to approximately HK$5.5 million for the year under review.

Rental income from leasing of machinery is the major cause of the decrease in the Group's revenue in 2016. In spite of a relatively satisfactory rental contract commitment or utilization rate of our tower crane rental fleet, the value of the monthly rent per crane continued to decrease during the year. In Singapore, the average contracted monthly rent of the most common category of our 20t topless tower crane recorded a decrease of approximately 22% over that in the second half of 2015. In Hong Kong, the same tower crane model recorded approximately 24% decrease in monthly rental rate during the same period. Based on our recent rental contract commitments and enquiries in the first few months of 2017, it appears that such trend continues to worsen in Singapore notwithstanding the fact that the Hong Kong market appears to be stabilized.

As a result of the above factors, our rental income recorded a decrease of approximately 24.8% from approximately HK$91.1 million for the year ended 31 December 2015 to approximately HK$68.6 million for the year ended 31 December 2016.

Service income decreased by approximately 5.5% from approximately HK$29.3 million for the year ended 31 December 2015 to approximately HK$27.6 million for the year ended 31 December 2016. The decrease was mainly attributable to the timing of erection, climbing and dismantling of the rented tower cranes according to the customer's construction schedule.

In view of the above, we have undergone a thorough evaluation of the fair market value of each and all tower cranes in our fleet. Pursuant to the relevant accounting requirements and practices, impairment adjustments of approximately HK$7.8 million and HK$0.7 million have been made in our financial statements for the year ended 31 December 2016 respectively for Singapore and Hong Kong.

Revenue from sales of proprietary Chinese medicines and health products of approximately HK$58.5 million was recorded for the year under review, representing a decrease of approximately 11.3% compared to the amount we achieved in 2015. The decrease was mainly attributable to the decrease in market demand of our products.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group acquired 51% equity interest in Best Earnest, a company indirectly holds 80% of the registered capital of a company established in the PRC, Guangdong Dahe, which is principally engaged in the cultivation, research, processing and sales of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, Guangdong Province, the PRC. Guangdong Dahe had sales of approximately HK$47.8 million for the year ended 31 December 2016 under PRC Generally Accepted Accounting Principles ("PRC GAAP"). As at 31 December 2016, Guangdong Dahe had approximately 92,000 bearer plants over the total area of woodlands of 2,151.36 mu, while the scale of exocarpium citri grandis cultivation business operated by Guangdong Dahe is among one of the biggest in Huazhou City. With its edge in respect of resources and experience in the cultivation of exocarpium citri grandis, Guangdong Dahe is expected to provide a stable source of supply of the exocarpium citri grandis to meet with the growth of market demand and in turn providing a stable income stream to the Group.

Dividend

The Directors do not recommend the payment of any dividends for the year ended 31 December 2016 (2015: nil).

FINANCIAL REVIEW

Results for the Year

As detailed in the section headed "Business Review" above, the Group recorded a loss for the year of approximately HK$72.2 million compared to approximately HK$42.1 million in 2015.

For the year ended 31 December 2016, the Group's other income and gains amounted to approximately HK$1.9 million, representing a decrease of approximately 35.9% compared to that of 2015. The decrease was mainly attributable to the decrease in recovery of impairment loss on trade receivables and the decrease in other interest income for the year under review.

The Group's property, plant and equipment amounted to approximately HK$522.7 million, representing an increase of approximately 49.3% compared to that of 2015. The depreciation charges and staff costs for the current year decreased by approximately HK$2.2 million and increased by approximately HK$3.1 million respectively, as compared to the amounts for the previous year.

The Group's finance costs amounted to approximately HK$27.1 million for the year ended 31 December 2016, representing an increase of approximately 2.2% compared to that of 2015.

Liquidity and Financial Resources

The Group held cash and cash equivalents of approximately HK$198.5 million as at 31 December 2016 (2015: approximately HK$84.3 million).

The total equity of the Group increased to approximately HK$377.8 million as at 31 December 2016 (2015: approximately HK$142.2 million).

As at 31 December 2016, the Group had net current assets of approximately HK$61.3 million (2015: net current liabilities of approximately HK$128.0 million).

Capital Structure

As at 31 December 2016, the Company's total issued shares was 960,000,000 at HK$0.01 each (the "Shares", each, a "Share") (2015: 800,000,000 at HK$0.01 each).

MANAGEMENT DISCUSSION AND ANALYSIS

On 23 June 2016, the Company entered into a placing agreement with Fulbright Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent agreed, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties to subscribe for up to 160,000,000 new shares of the Company ("Placing Shares") (the "Placing") each at a placing price of HK$1.220 per Placing Share. The intended and actual use of proceeds from the Placing were (i) as general working capital of the Group; (ii) for payment of the cash consideration for the acquisition of 51% equity interest in Best Earnest and (iii) for fulfillment of financial obligations of the Group. The Placing was completed on 15 July 2016 and an aggregate of 160,000,000 Placing Shares were placed by the Placing Agent at the Placing Price of HK$1.220 per Placing Share. The gross and net proceeds were approximately HK$195.2 million and HK$193.1 million respectively.

Investment Position and Planning

During the year under review, the Group spent approximately HK$40.1 million for acquisition of plant and equipment (2015: approximately HK$37.8 million).

Save as disclosed below, the Group did not have any significant acquisition or disposal of subsidiaries and associated companies during the year under review.

Pursuant to the resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited dated 10 January 2013, the board of management resolved to liquidate the company (the "Liquidation"). As at the date of this report, the Liquidation is still in process.

On 23 December 2016, the Group acquired 51% equity interest of Best Earnest from an independent third party (the "Vendor") at consideration of HK$220,000,000, of which HK$110,000,000 was satisfied by cash (the "Cash Consideration") and HK$110,000,000 was satisfied by promissory note (the "Promissory Note"). Pursuant to the conditional sale and purchase agreement dated 27 October 2016, the consideration has been held in escrow by the Company as a security for the performance by the Vendor of the guarantee that the net profit after tax attributable to the owners of Guangdong Dahe, a company established in the PRC with limited liability and an indirect 80%-owned subsidiary of Best Earnest, excluding changes in fair value of assets through profit or loss and government subsidies, prepared in accordance with the PRC GAAP for the year ended 31 December 2016 (the "Actual Profit"), shall be not less than RMB28.0 million (the "Profit Guarantee").

Pursuant to the certificate dated 22 February 2017 issued by 深圳大公會計師事務所 (for identification purpose, Shenzhen Dagong Certified Public Accountants), an auditor jointly engaged by the Group and the Vendor, the 2016 Actual Profit amounted to approximately RMB29.1 million. Accordingly, the Profit Guarantee has been fulfilled and the Cash Consideration and the Promissory Note was released to the Vendor in accordance with the terms of the Acquisition Agreement. Further details of the Acquisition have been disclosed in the Company's announcements dated 27 October 2016, 22 February 2017 and the circular of the Company dated 21 December 2016.

Gearing

The Group monitors capital using a gearing ratio, which is total debts (sum of carrying amounts of bonds payable, bank borrowings, other loans payables, promissory note payable and finance lease payables) divided by total equity. Notwithstanding the increase in total debts as at 31 December 2016 as compared to that of 2015, the gearing ratio as at 31 December 2016 was decreased to 0.7 (2015: 1.8), mainly due to the cash injected from placing of new shares for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

The Group's banking facilities were secured by certain assets of the Group, including land and building carried at fair value, buildings carried at cost and payments for leasehold land held for own use under operating leases, with aggregated carrying amounts of approximately HK$93.6 million (2015: approximately HK$103.0 million). The bonds of the principal amount of HK$100.0 million were secured by the equity interest of certain subsidiaries.

Exchange Rate Exposure

As at 31 December 2016, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore is primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. Revenue and purchases in our manufacturing and sales of proprietary Chinese medicines and health products in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and PRC 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

As at 31 December 2016, the Group had total capital commitments of HK$7.8 million related to the acquisition of property, plant and equipment (2015: nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of 306 (2015: 283) employees in Hong Kong, Singapore, Vietnam and the PRC. 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 overall macro-economic factors and data remain consistent compared to those we noted, reviewed and collected in 2016.

The Singapore construction market, and hence equipment rental market, is expected to continue to be challenging and difficult. According to the Building and Construction Authority and the report published by Timetric, public sector construction investments are expected to continue to dominate Singapore's construction industry. Total construction contract value is expected to range from S$26.0 billion to S$35.0 billion during 2017–2018 in which public sector construction contracts are to account for between S$16.0 million to S$20.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, the numbers of building permits granted to private residential property developers declined by 20% during the first half of 2016 against the same period in 2015. This demonstrates the impact of weak economic conditions on private sector investments. High mortgage interest rates and property taxes are also restraining the flow of private investments in the residential sector. As a result, it is reasonable to predict that the number and value of private sector construction projects will continue to slow down.

In respect of the public sector, the Housing and Development Board ("HDB") has provided over 18,000 Build-To-Order flats in Singapore as of November 2016. It was announced by HDB in December 2016 that 17,000 units are planned to be built in 2017. We would see this message as the key pillar of the construction activities in the residential market.

As the numbers of cranes in the market have not been reduced, it is reasonable to anticipate that the price war relating to monthly rental rate will continue in Singapore. Similar to previous year, we will continue to work closely with the manufacturer to penetrate into area of higher lifting capacity tower cranes. This will enable us to re-gain our market share and positioning to focus on quality and services instead of head-on price war. We will also be more aggressive in disposing of certain aged tower cranes or tower cranes with smaller lifting capacity as part of our rental fleet streamlining strategy.

From a construction projects perspective, the Hong Kong market appears to be optimistic. According to the Construction Industry Council ("CIC") research and its published data, the building works from public sector will grow gradually from the range between HK$20.1 billion to HK$22.5 billion for the year 2016-17, to the range between HK$28.7 billion to HK$32.5 billion for the year 2017–18. CIC further predicts a continuous growth in this sector in its mid-term and long-term forecast. As regards private sector building work, the forecast range is between HK$48.0 billion to HK$62.0 billion for the next couple of years. Based on such statistics and projections, it appears that the demand for construction work as well as construction equipment rental will continue to grow in a steady pace.

After a year of severe price war causing significant rental rate reduction in Hong Kong in 2016, it appears that the rental downward trend is stabilized based on our recent tender experience. It is hopeful that this rental rate reduction will have been arrested and be reversed in due course given the stable growth in demand for construction work in the next few years.

Regarding to the newly acquired business in cultivation, research, processing and sale of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, the PRC, the Group will share its resources in overall management, marketing and distribution network for business development, as well as exercise its best efforts in formulating strategy as to strengthen and expand its business, such as optimising the productivity of its bearer plants and quality of the produces by implementing modern technology, enhancing the research and development of products using exocarpium citri grandis, applying for patents and authentication certificates for its products, and etc.

Moreover, in the light of the promotion of exocarpium citri grandis as a local featured product by the local government of Huazhou City, and with the edge of Guangdong Dahe in respect of its resources and experience in its cultivation business, the Group will actively seek cooperations with the local government in expanding its cultivation and processing business, as well as developing the market of exocarpium citri grandis in future.

On the other hand, the Group will continue to review and support our proprietary Chinese medicines and health products business in the PRC and will also seek opportunities actively in diversifying its existing businesses as to broaden its income base.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zeng Li, aged 49, is the chairman of the Board (the "Chairman"). Mr. Zeng was appointed as an executive Director on 22 December 2014. He is also the chairman of the nomination committee of the Company (the "Nomination Committee") and a director of certain subsidiaries of the Company.

Mr. Zeng has over 20 years of working experience in the securities and finance industry in the PRC. He is the sole beneficial owner and sole director of Harbour Luck Investments Limited ("Harbour Luck"), controlling shareholder of the Company. Mr. Zeng graduated from Shenzhen University majoring in international finance trade.

Mr. Zeng is an uncle of Mr. Chan Ka Lun, an executive Director.

Mr. Winerthan Chiu, aged 61, was appointed as an executive Director on 22 December 2014. Mr. Chiu is also a member of the remuneration committee of the Company (the "Remuneration Committee"), an authorised representative of the Company under each of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and a director of certain subsidiaries of the Company.

Mr. Winerthan Chiu has over 27 years of experience in investment and corporate management. He was an executive director of Min Hoong Holdings Limited from July 2008 to March 2017, which is principally engaged in trading and investment. Mr. Chiu was also an executive director of China Primary Energy Holdings Limited (stock code: 8117, formerly known as "China Primary Resources Holdings Limited", "China Advance Holdings Limited" and "Billybala Holdings Limited"), a company listed on the Growth Enterprise Market of the Stock Exchange, from March 2004 to July 2008. Mr. Chiu graduated from university with a Bachelors' degree in 1982.

Mr. Chan Ka Lun, aged 29, was first appointed as a non-executive Director on 22 December 2014 and re-designated as an executive director with effect from 1 July 2015.

Mr. Chan has 4 years of working experience in the securities and finance industry. He worked in the securities operations sector, involving in bond and equity capital markets, in China Securities (International) Finance Holding Company Limited from 2013 to 2014. Prior to that, Mr. Chan was employed by Fulbright Financial Group, responsible for securities settlement and customer relationship from 2010 to 2013. Mr. Chan graduated from The Hong Kong University of Science and Technology with a Bachelor's degree in industrial engineering and engineering management in 2010.

Mr. Chan is a nephew of Mr. Zeng Li, an executive Director and chairman of the Board.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wan Tze Fan Terence, aged 52, was appointed as an independent non-executive Director in December 2014. Mr. Wan is also the chairman of the audit committee of the Company (the "Audit Committee") and a member of the Remuneration Committee.

Mr. Wan holds a bachelor degree of commerce and a master degree of business administration. He has years of experience in accounting and financial management and has worked for international accounting firms and listed companies in Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Wan is also an executive director of Sino Oil and Gas Holdings Limited (stock code: 702) and an independent non-executive director of China Primary Energy Holdings Limited (stock code: 8117), both of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. Tsui Robert Che Kwong, aged 63, was appointed as an independent non-executive Director on 22 December 2014. Mr. Tsui is also a member of each of the Audit Committee and the Nomination Committee.

Mr. Tsui has over 30 years of experience as practising solicitor in Hong Kong. Mr. Tsui is the founder and owner of Robert C.K. Tsui & Co., Solicitors, a law firm established in 1990. He was admitted to the Law Society of Hong Kong in 1985 and qualified to practise law in Anguilla, Caribbean in 2005. Mr. Tsui is currently an independent non-executive director of Chinney Kin Wing Holdings Limited (stock code: 1556), a company listed on the main board of the Stock Exchange. Mr. Tsui was also an executive director of Landing International Development Limited (stock code: 582, formerly known as "Greenfield Chemical Holdings Limited"), a company listed on the main board of the Stock Exchange, from November 2007 to November 2009. He was also an independent non-executive director of APAC Resources Limited (stock code: 1104, formerly known as "Shanghai Merchants Holdings Limited"), a company listed on the main board of the Stock Exchange, from July 2004 to November 2007 and Sino Credit Holdings Limited (stock code: 628, formerly known as "Dore Holdings Limited"), a company listed on the main board of the Stock Exchange, from August 2004 to July 2009.

Ms. Yang Yan Tung Doris, aged 47, was appointed as an independent non-executive Director on 22 December 2014. Ms. Yang is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Ms. Yang has over 20 years of experience in handling company secretarial and internal control matters of listed companies in Hong Kong. She is a fellow member of The Hong Kong Institute of Chartered Secretaries with practitioner's endorsement and a fellow member of The Institute of Chartered Secretaries and Administrators. She held the Certificate in Risk Management Assurance designation granted by The Institute of Internal Auditors. Ms. Yang is currently a director of Bloomy Corporate Consultant Limited, a company mainly engaged in providing company secretarial and management consultancy services; Green Grin Club Limited, a company principally engaged in provision of training services; Grin Kitchen Limited, a company principally engaged in philanthropic and volunteer activities; Sky Vantage Development Limited, and 深圳和樂坊生態農業科技有限公司 (for identification purpose, in English, Shenzhen He Lok Fong Ecological Farming and Technology Co. Ltd), both companies are principally engaged in agribusiness. Ms. Yang was also an independent non-executive director of Allied Cement Holdings Limited (stock code: 1312), a company listed on the main board of the Stock Exchange, from December 2011 to July 2014. Ms. Yang graduated from University of Leicester, England with a Bachelor of Science (Economics) in 1993 and then obtained her Master of Science from the Chinese University of Hong Kong in 2003.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chan Tai Wah Calvin, aged 36, is the Financial Controller of the Group and the Company Secretary of the Company. Mr. Chan is primarily responsible for the accounting, finance and company secretarial matters of the Group. He joined the Group in July 2013 and was appointed as the Company Secretary of the Company in July 2015. He has over 13 years of experience in accounting, auditing and corporate advisory services. Prior to joining the Group, he was an audit manager of a major international accounting firm in Hong Kong. Mr. Chan obtained his Bachelor Degree in Business Administration (major in Accountancy) from City University of Hong Kong. He is a practising fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

Mr. Lo Chun Fai, aged 50, is the executive director of principal subsidiaries of the Company in Hong Kong and Singapore (the "Manta Group"). Mr. Lo joined Manta Group in January 2013 and is primarily responsible for the overall management functions of Manta Group's operations. He spent 7 years with PricewaterhouseCoopers Hong Kong in providing consulting services to a wide range of corporate clients investing in the PRC. Subsequent to this, Mr. Lo held various senior management positions in various industries and organisations. Prior to joining Manta Group, he was the finance director of Quality HealthCare Medical Services Limited. Mr. Lo obtained his Bachelor Degree in Economics (major in Accounting and Finance) from Monash University, Australia. He is a fellow member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating lease, providing repair and maintenance services in respect of the construction machinery; (ii) manufacturing and sales of proprietary Chinese medicines and health products; and (iii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings. Details of the principal activities of the subsidiaries are set out in note 37 to the financial statements.

SEGMENT INFORMATION

Details of the segment information of the Group for the year are set out in note 7 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year under review and a discussion on the Group's future development are set out in the Chairman's Statement on page 3 and the Management Discussion and Analysis on pages 4 to 8 of this report. These discussions form part of the report of the directors.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 December 2016, there were no material and significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the Company's environmental policies and performance are set out in the Environmental, Social and Governance ("ESG") Report on pages 28 to 37.

RESULTS AND DIVIDENDS

The financial performance of the Group for the year and the financial position of the Group as at that date are set out in the financial statements on pages 44 to 114.

The Board does not recommend the payment of a final dividend for the year (2015: Nil).

REPORT OF THE DIRECTORS

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 16 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles") 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.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct.

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 34 to the financial statements and the consolidated statement of changes in equity on page 47.

DISTRIBUTABLE RESERVES

As at 31 December 2016, 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$255.4 million as at 31 December 2016, 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.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the percentage of sales attributable to the Group's five largest customers was 34% with the largest customer accounted for 12%.

The percentage of purchase attributable to the Group's five largest suppliers was 46% with the largest supplier accounted for 20%.

Neither the Directors, any of their close 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.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

The Group had received a letter dated 9 March 2017 in relation to defamation claim by a supplier of tower crane's accessories at Singapore (the "Supplier"). The Supplier claimed that the Group had published, and/or caused to be published, the emails containing defamatory words relating to the Supplier in January 2017. In the opinion of the Directors, the contents of the emails were not defamatory on the basis of the legal opinion obtained from the legal adviser.

DIRECTORS

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

Executive Directors

Mr. Zeng Li *(Chairman)*
Mr. Winerthan Chiu
Mr. Chan Ka Lun

Non-executive Director

Mr. Wu Bang Xing (resigned with effect from 23 June 2016)

Independent non-executive Directors

Mr. Wan Tze Fan Terence
Mr. Tsui Robert Che Kwong
Ms. Yang Yan Tung Doris

In accordance with article 108 of the Articles, Mr. Chan Ka Lun and Mr. Tsui Robert Che Kwong shall retire from office and, being eligible, offer themselves for re-election as Directors at the annual general meeting of the Company (the "AGM").

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual written confirmations from each of its independent non-executive Directors in respect of their independence during the year and all of them are still being considered to be independent.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE AGREEMENTS

Each of Mr. Zeng Li, Mr. Winerthan Chiu and Mr. Chan Ka Lun, are executive Directors has entered into a service agreement with the Company for a term of two years unless terminated by either party by giving not less than one month's written notice to the other party. The service agreements of Mr. Zeng Li and Mr. Winerthan Chiu commenced from 22 December 2014 and each of their service agreements has been renewed on 22 December 2016. The service agreement of Mr. Chan Ka Lun commenced from 1 July 2015.

Each of the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of two years respectively unless terminated by either party by giving not less than one month's written notice to the other party. All letters of appointment commenced from 22 December 2014 and have been renewed on 22 December 2016.

Each of the Directors is subject to the provisions for retirement by rotation and re-election at the AGM in accordance with the Articles.

Save as disclosed above, no Director proposed for re-election at the forthcoming AGM 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.

CONTRACT OF SIGNIFICANCE

During the year, the Group did not enter into any contract of significance with its controlling Shareholders or any of its subsidiaries.

During the year, no contract of significance for the provision of services to the Group by a controlling Shareholder or any of its subsidiaries was made.

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

During the year, there was no transaction which should be disclosed in this report as a connected transaction in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 31 December 2016, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

Interests in the Shares

Long positions in ordinary Shares and underlying Shares

Name of Director	Number of Shares		Equity derivatives	Total	Approximate percentage of issued share capital of the Company *(Note 2)*
	Personal interest	Corporate interest			
Mr. Zeng Li ("Mr. Zeng")	–	600,000,000 *(Note 1)*	–	600,000,000	62.50%

Notes:

1. These Shares were registered in the name of Harbour Luck which was wholly and beneficially owned by Mr. Zeng. By virtue of the SFO, Mr. Zeng was deemed to be interested in the Shares held by Harbour Luck.

2. The percentage is calculated on the basis of 960,000,000 Shares in issue as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2016, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations (other than the Directors and the chief executives of the Company) in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of substantial Shareholders	Nature of interests/ Holding capacity	Number of shares	Approximate percentage of issued share capital of the Company *(Note 2)*
Harbour Luck	Beneficial owner	600,000,000	62.50%
Ms. Chen Xiong Yi ("Ms. Chen")	Interest of spouse	600,000,000 *(Note 1)*	62.50%

Notes:

1. Ms. Chen is deemed to be interested through the interest of her spouse, Mr. Zeng (as disclosed herein above).

2. The percentage is calculated on the basis of 960,000,000 Shares in issue as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, there were no other persons or corporations who had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION" above, at no time during the year was the Company or any of its holding companies, subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company 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.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

At the extraordinary general meeting ("EGM") held on 30 July 2015, the Company has adopted a new share option scheme (the "Share Option Scheme") to replace the old share option scheme adopted on 25 June 2010 (the "Old Scheme") for the purpose of providing incentive and/or reward to eligible participants for their contributions to, and continuing efforts to promote the interest of, the Group. The eligible participants include (a) full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group); (b) any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group; and (c) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Further details of the Share Option Scheme are set out in the circular dated 13 July 2015.

The principal terms of the Share Option Scheme are as follows:

(i) The total number of Shares which may be allotted and issued upon exercise in full of the options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue on the adoption date (i.e. 30 July 2015), unless the Company obtains the approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled and lapsed in accordance with the such schemes or exercised options) will not be counted for the purpose of calculating such 10% limit. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

(ii) No Option shall be granted to any eligible participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue.

(iii) An option may be accepted by an eligible participant not later than 21 days from the date of grant. Upon acceptance of the option, a consideration of HK$10.00 shall be paid by the grantee to the Company.

(iv) An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during the period to be determined and notified by the Board which shall not be later than 10 years from the date of grant but subject to the provisions for early termination as contained in the Share Option Scheme. There is no specified minimum period for which an option must be held or the performance target which must be achieved before an option can be exercised.

(v) The subscription price shall be determined by the Board, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

(vi) The Share Option Scheme remains valid for a period of 10 years commencing from 30 July 2015.

REPORT OF THE DIRECTORS

As at 31 December 2016 and the date of this report, no share options have been granted under the Old Scheme.

As at the date of this report, no share options have been granted under the Share Option Scheme since its adoption.

The total number of Shares available for issue under the Share Option Scheme is 80,000,000, representing 8.33% of the issued Shares as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, no Directors or their respective associates (as defined in the Listing Rules) had any 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.

AUDIT COMMITTEE

The Audit Committee was established on 25 June 2010 with written terms of reference in order to comply with the relevant code provisions of Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "CG Code and Report").

Further details of the Audit Committee are set out in the Corporate Governance Report included in this report.

CORPORATE GOVERNANCE

Full details on the Company's corporate governance practices are set out in pages 20 to 27 in this report.

AUDITOR

A resolution will be proposed at the forthcoming AGM to re-appoint BDO Limited as auditor of the Company.

ON BEHALF OF THE BOARD

Zeng Li
Chairman

Hong Kong, 22 March 2017

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance will not only improve management accountability and investor confidence, but will also 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 Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all the code provisions of the CG Code and Report throughout the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for securities transactions by the Directors during the year. Having made specific enquiries, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year.

THE BOARD OF DIRECTORS

The Board

The Board takes full responsibility of supervising and overseeing all major matters of the Company, including any acquisitions or disposal of businesses, investments, formulating and approving 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.

Chairman and Chief Executive

The CG Code and Report provision stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same person. Mr. Zeng Li was appointed as the Chairman and the responsibilities of the Chief Executive Officer were taken up by senior management of the Company. The role of the Chairman is separate from that of the chief executive officer. The chairman is responsible for overseeing the functioning of the Board while the chief executive officer is responsible for managing the Group's businesses.

Board Composition

Currently, the Board comprises six members with a suitable breadth of background and professional experience from the financial, legal, accounting and commercial sections.

CORPORATE GOVERNANCE REPORT

The Directors who served the Board during the year and up to the date of this report are named as follows:

Executive Directors

Mr. Zeng Li *(Chairman)*
Mr. Winerthan Chiu
Mr. Chan Ka Lun

Non-executive Director

Mr. Wu Bang Xing (resigned with effect from 23 June 2016)

Independent non-executive Directors

Mr. Wan Tze Fan Terence
Mr. Tsui Robert Che Kwong
Ms. Yang Yan Tung Doris

Mr. Zeng Li is an uncle of Mr. Chan Ka Lun. Apart from that, there is no other relationship, including financial, business, family or other material/relevant relationships among the Board members.

The brief biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" in pages 9 to 11 of this report. The updated list of Directors and their role and function were published on the websites of the Stock Exchange and the Company.

The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

Appointments, re-election and removal

All Directors with service contracts or letters of appointment usually serve two-year terms and subject to re-election pursuant to the Articles.

In accordance with article 108 of the Articles, at each AGM one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election. Mr. Chan Ka Lun and Mr. Tsui Robert Che Kwong will retire by rotation and all of them, being eligible, will offer themselves for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Continuous Professional Development

To assist the Directors in continuing their professional development, the Board recommends them to attend the relevant seminars and courses.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the rule A.6.5 of the CG Code and Report on continuous professional development during the year:

Directors	Note	Attending in-house briefings	Attending relevant business training conducted by professional parties	Reading materials relevant to director's duties and responsibilities
Executive Directors				
Mr. Zeng Li		✓	✓	✓
Mr. Winerthan Chiu		✓	✓	✓
Mr. Chan Ka Lun		–	✓	✓
Non-executive Director				
Mr. Wu Bang Xing	(a)	–	–	✓
Independent non-executive Directors				
Mr. Wan Tze Fan Terence		✓	✓	✓
Mr. Tsui Robert Che Kwong		✓	–	✓
Ms. Yang Yan Tung Doris		✓	✓	✓

Note:

(a) Resigned with effect from 23 June 2016

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has entered into letter of appointment with each of the existing independent non-executive Directors for a term of two years which can be terminated by either party by giving not less than one month's written notice to the other party. The letters of appointment of the existing independent non-executive Directors commenced from 22 December 2016.

Each of the independent non-executive Directors has confirmed by written confirmation that he or she 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.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs:

Remuneration Committee

The Company established the Remuneration Committee in compliance with CG Code and Report with terms of reference. Currently, the Remuneration Committee is chaired by Ms. Yang Yan Tung Doris, an independent non-executive Director, and other members are Mr. Winerthan Chiu, an executive Director, and Mr. Wan Tze Fan Terence, an independent non-executive Director.

The Remuneration Committee is responsible for, including but not limited to, making recommendations to the Board on the Company's policy and structuring for all remuneration of Directors and senior management and establishing the formal and transparent procedures for developing such remuneration policy. In determining the specific remuneration packages of the Directors and senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and employment conditions elsewhere in the Group. Full terms of reference are available on the websites of the Stock Exchange and the Company. Details of directors' remuneration for each Director were set out in note 15 to the financial statements.

Nomination Committee

The Company established the Nomination Committee in compliance with CG Code and Report with terms of reference. Currently, the Nomination Committee is chaired by Mr. Zeng Li, an executive Director and the Chairman and other members are Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris, both being independent non-executive Directors.

The Nomination Committee is responsible for, including but not limited to, reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) required of the Board annually, evaluating the balance of skills, knowledge, experience and diversity of perspective on the Board and making recommendations to the Board on matters relating to the appointment or re-appointment of Directors and assessing the independence of the independent non-executive Directors. Full terms of reference are available on the websites of the Stock Exchange and the Company.

Board Diversity Policy

The Board has adopted a board diversity policy (the "Policy") and measurable objectives which are set for the purpose of implementing the Policy with effect from 30 August 2013.

Summary of the Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Policy aims to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of aspects including skills, experience, knowledge, expertise, culture, independence, age and gender. All Board appointments will be based on merit while taking diversity into account (including gender diversity).

CORPORATE GOVERNANCE REPORT

Measurable Objectives

The measurable objectives for the purpose of implementation of the Policy including the dependence, educational background, professional qualifications and years of experience in the industry he/she is specialised in.

The Nomination Committee will review the Policy to ensure its effectiveness and report annually, in the corporate governance report, on the Board's composition under diversified perspectives, and monitor the implementation on this Policy.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 25 June 2010 with written terms of reference in order to comply with the CG Code and Report. Currently, the Audit Committee comprises Mr. Wan Tze Fan Terence (chairman of the Audit Committee), Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris, all of them being independent non-executive Directors.

The Audit Committee is primarily responsible for overseeing all financial reporting procedures and the effectiveness of the Company's risk management and internal controls and then reports the findings, decisions and recommendations to the Board; making recommendation to the Board on the appointment, re-appointment and removal of external auditor and approving the remuneration and terms of engagement of the external auditor and any questions of resignation or dismissal of that auditor; and reviewing and monitoring the independence and objectivity of external auditor and the effectiveness of the audit process in accordance with applicable standard.

The Audit Committee has reviewed with the management of the Company the annual results for the year ended 31 December 2016 including the accounting principles and practices adopted by the Group, the risk management and the internal control and financial reporting matters.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code and Report.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and Report and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

During the year ended 31 December 2016, the Board held 10 Board meetings.

The attendance record of each Director at the Board meetings, the committees meetings and the general meetings of the Company held during the year is set out below:

Directors	Note	Board Meeting Attended/ Eligible to attend	Nomination Committee Attended/ Eligible to attend	Remuneration Committee Attended/ Eligible to attend	Audit Committee Attended/ Eligible to attend	2016 AGM Attended/ Eligible to attend
Executive Directors						
Mr. Zeng Li		10/10	1/1	–	–	1/1
Mr. Winerthan Chiu		10/10	–	2/2	–	1/1
Mr. Chan Ka Lun		10/10	–	–	–	1/1
Non-executive Director						
Mr. Wu Bang Xing	(a)	5/5	–	–	–	–
Independent non-executive Directors						
Mr. Wan Tze Fan Terence		10/10	–	2/2	3/3	1/1
Mr. Tsui Robert Che Kwong		9/10	1/1	–	3/3	1/1
Ms. Yang Yan Tung Doris		9/10	1/1	2/2	3/3	1/1

Note:

(a) Resigned with effect from 23 June 2016

AUDITOR'S REMUNERATION

For the year ended 31 December 2016, 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 2016 HK$'000
Audit services	800
Non-audit services	3,398

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND AUDITOR'S RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2016, 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 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. The statement of the external auditor 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 pages 38 to 43.

COMPANY SECRETARY

Mr. Chan Tai Wah Calvin ("Mr. Chan") has been appointed as the company secretary of the Company (the "Company Secretary") since 1 July 2015. All Directors have access to the advice and services of Mr. Chan, who is responsible for ensuring that the correct Board procedures are followed and advises the Board on all corporate governance matters. During the year, Mr. Chan confirmed that he undertook over 15 hours of professional training to update his skills and knowledge.

The primary corporate contact person of the Company is Mr. Zeng Li, an executive Director and the Chairman.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility to ensure that sound and effective risk management and 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 risk management and 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 risk management and internal control system of the Company and considered the risk management and internal control system of the Company has implemented effectively. Such review covered financial, compliance and operational controls as well as risk management mechanisms.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code and Report 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.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining a clear, timely and effective communication with the Shareholders and investors. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.elasialtd.com. The Directors and members of various Board committees will attend the AGM of the Company and answer any questions raised. The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be published on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS

Convening an extraordinary general meeting by the Shareholders

Pursuant to the article 64 of the Articles, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting ("EGM") to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Making enquiry to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to infoela@elasialtd.com.

Procedures for the Shareholders to put their enquiries to the Board

The Shareholders are also encouraged to attend the AGM and the EGM and to put their enquiries to the Board directly. Notices are duly circulated to the Shareholders in order to ensure each Shareholder is informed to attend the AGM and the EGM. The Chairman, the chairman of each of the remuneration committee, nomination committee and audit committee and the senior management attend the aforesaid meetings and respond to the Shareholders' enquiries in a promptly manner. Pursuant to the Listing Rules, voting by poll is mandatory at all general meetings.

The detailed procedures for conducting a poll are set out in the proxy forms and will be explained by the chairmen of the AGM and the EGM orally in the beginning of the aforesaid meetings. The poll results will be posted on the websites of the Stock Exchange and the Company after the AGM and the EGM.

Investors Communication Policy

To promote effective communication, the Company maintains a website at http://www.elasialtd.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number	:	(852) 3678-8589
By post	:	Room 3607, 36/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong
Attention	:	The Board of Directors
By email	:	infoela@elasialtd.com

During the year, the Company has not made any changes to its memorandum and the Articles, which is available on the websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

The Group has been long active in participating corporate social responsibilities. The Board is responsible for leading the ESG works, including establishing dedicated management teams to manage ESG issues within each business division, and assign designated staff to enforce and supervise the implementation of relevant policies. The Board is committed to making continuous improvements in corporate environmental and social responsibility in order to meet the changing needs of an advancing society. The Board is pleased to present its the ESG report to demonstrate its efforts on sustainable development.

II. REPORTING PERIOD AND SCOPE OF THE REPORT

The ESG report covers the operational boundaries including data and activities of offices in Hong Kong and Singapore and manufacturing facility in Jiangxi province in the PRC. For corporate governance section, please refer to pages 20 to 27 in this report. The reporting period of this ESG report is for the financial year 2016, from 1 January 2016 to 31 December 2016 ("FY2016"), unless specifically stated otherwise.

III. STAKEHOLDER ENGAGEMENT

To conduct of the Group's materiality assessment in identifying and understanding the main concerns and material interests of stakeholders, the Group has engaged the stakeholders, including employees, suppliers, customers and investors. Stakeholders are selected based on stakeholder influence and stakeholder dependence on the Group. Stakeholders with high influence and high dependence on the Group are selected by the management of the Group. The selected stakeholders have been invited to express their views and concerns on major social and environment issues. The stakeholder engagement procedure has been conducted through online survey. For the ESG report in FY2016, the Group identified employees' health, safety measures, benefits & pay, development and training as material topics of concern to stakeholders.

After assessing the feedback from internal and external stakeholders through an online survey, the Group have reviewed its sustainability strategies, practices and measures undertaken in FY2016 and highlighted material and relevant aspects throughout this report so as to align with the stakeholders' expectations.

IV. ENVIRONMENTAL SUSTAINABILITY

The Group is paying great attention to the environmental protection issues during its production process and taking the responsibility to curb global climate change. The Group is committed to operating in compliance with applicable environmental laws and regulations in all material respects and protecting the environment by minimising the negative impact of the Group's existing business activities on the environment. The Group has also adopted several effective measures to achieve the efficient use of resources, energy saving and waste reduction as described in the following sections.

A.1. Emissions

Trading and leasing of construction machinery

The Group's business and operation under trading and leasing of construction machinery segment generated insignificant amount of wastewater, the Group has obtained Water Pollution Control Ordinance ("WPCO") License issued by the Environmental Protection Department of the Government of the Hong Kong Special Administrative Region in FY2016.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group continuously performs the separate collection method on the daily domestic garbage to ensure reuse of the recyclable waste, for example: plastic, metallic bottles and so on. Apart from the daily domestic garbage, the Group carefully collected the obsolete metal/parts and sold them regularly to third party for centralised recycling and re-usage.

Manufacturing and sales of proprietary Chinese medicines and health products

The Group is committed to operating its medicine manufacture business in compliance with relevant environmental laws including wastewater discharge standard, solid waste disposal standard and air pollution control standard in the PRC.

The wastewater from the manufacturing process is mainly generated from the washing of the Chinese herbs; relevant measures were taken on treating the wastewater to ensure the discharge meet the requirement of the integrated wastewater discharge standard in the PRC.

The solid wastes from the manufacturing process mainly include the residue of Chinese herbs and the coal cinder from coal fired boiler, in order to minimise the waste and to make the best use of resource, the Group has recycled and reused the Chinese herbs for making organic fertilizer, recycled and reused the coal cinder for making architecture bricks. The disposal of other solid wastes including the domestic garbage and the non-hazardous residues from manufacturing process were well collected and further transferred to the local municipal waste treatment plant, it was in compliance with the solid waste pollution prevention law in PRC.

The air pollutants from the coal fired boiler were treated by the dust remover to ensure it meets the requirement of the boiler air pollutant emission standards in PRC.

The Group

The Green House Gas ("GHG") emission from the Group is mainly generated from its purchased electricity consumed by its manufacturing line and daily operation. To reduce the amount of carbon emission, the Group has implemented several practical measures on saving energy as further described in the next section "Use of Resources".

A.2. Use of Resources

The Group strives to save energy and resource through persistent implementation of internal policies and use of advanced technologies.

The Group is committed to saving water from the manufacture line by recycling the cooling water during the manufacturing process and recycling the alkaline water during the dust removal process of the coal fired boiler.

The Group has also taken other measures on saving water such as:

- Strengthen the inspection and maintenance on water tap, water pipelines and water storage;
- Avoid any leakage of the water supply system;
- Place posters "Saving Water Resource" in prominent places to encourage water conservation;
- Fix dripping taps immediately; and
- Turn off the water supply system at night and on holidays.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has taken other measures on saving electricity described as below:

- Replace high electricity consumption lamps with the installation of electricity saving lamps for office lighting;
- Switch off facilities, lights, air-conditioning when not in use;
- Place posters "Saving Electricity, Turn off the Light when Leaving" in prominent places to encourage employees;
- Clean the office equipment regularly (such as refrigerator, air-conditioner, paper shredder, etc.) to maintain they are running efficiently; and
- Maintain regular electricity consumption assessment for the manufacturing line to ensure better management.

The Group chooses environmental friendly materials as the packaging materials. The Group keeps the minimum consumption amount of packaging materials through the internal control system to avoid any unnecessary consumption. Appropriate recycling on the packaging bags were adopted by the Group.

A.3. The Environment and Natural Resources

The main natural resource consumed by the Group is paper from the documentation printing. To minimise the use of paper, the Group has put great efforts described as below:

- Use environmentally friendly paper to print the annual reports and interim reports;
- Disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;
- Set duplex printing as the default mode for most network printers;
- To "think before print": use posters and stickers as the reminder for office staff to avoid unnecessary printings;
- Place boxes and trays beside photocopiers as containers to collect single-sided paper for reuse and used paper for recycling; and
- To exchange the used stationery with new one for recycle.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

The Group treasures talent as it is one of the most valuable assets and keys for driving success and maintaining sustainable development. The Group strives to provide its staff with a safe and competitive platform for career development and advancement.

The Group's human resources policies strictly adhere to the applicable employment laws and regulations in Hong Kong, the PRC and other operating regions, including, the Hong Kong's Employment Ordinance and Mandatory Provident Fund Schemes Ordinance, Singapore's Employment Act, Labour Law of the PRC (中國勞動法) and Employment Promotion Law of the PRC (中華人民共和國就業促進法). The Group also complies with social security schemes that are enforced by the local government to provide employee benefits, including the provision of pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund. The Group's Human Resources Department reviews and updates relevant company policies in accordance with the latest laws and regulations regularly.

Talent acquisition is vital to the Group's business future development. The Group has adopted a set of fair and transparent principles on recruiting outstanding applicants in accordance with the planned role requirements. To attract high-calibre workforce, the Group offers competitive and fair remuneration and benefits based on individuals' performance, professional qualifications and experiences. The Group also makes reference to market benchmarks the Group's annual performance. In order to motivate and reward existing management and employees, the Group conducts regular salary review to ensure that its staff are recognised by the Group with regard to their working efforts and contributions. Meanwhile, any termination of employment contract should be based on reasonable and lawful grounds. The Group strictly prohibits any kinds of unfair or unreasonable dismissals.

The Group determines working hours and rest period for employees in line with local employment laws and employment contracts with employees. In addition to statutory holidays stipulated by the employment law of local government such as the basic paid annual leave, employees may also entitle to maternity leave, marriage leave and paternity leave.

To cater the needs of employees working at manufacturing facilities in the PRC, additional employee benefits including the provision of meals and well-equipped dormitories depends on job natures. The Group hosted a series of activities in great variety for employees including festival banquet and annual dinner. These events helped employees to relieve stress, and served to exemplify the Group's corporate culture of the spirit of solidarity and cohesion among its employees.

In terms of internal coaching and communication, the effective two-way communication between general staff and managerial staff is highly encouraged. Employees can maintain timely and smooth communication with their colleagues and the management through bulletin board postings, emails, trainings, internal meetings and social networks. The interactive communication system benefits the Group's decision-making process and results in a barrier-free employer-employee relationship.

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As an equal opportunity employer, the management is committed to create a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are determined irrespective of their gender, race, age, disability, family status, marital status, pregnancy status, sexual orientation, religion beliefs, nationality, social and ethnic origin or any other non-job related factors in all business units. The Group's equal opportunities policy enforces zero tolerance to any workplace discrimination, harassment or victimisation in accordance to relevant government legislations, ordinances and regulations such as Hong Kong's Disability Discrimination Ordinance and Sex Discrimination Ordinance. If there is any discrimination incidents, employees can report to Human Resources Department. Disciplinary actions would be taken against any employee if there is any non-compliance or breach of legislation related to the equal opportunities policies.

B.2. Health and Safety

To provide and maintain a good working conditions and a safe and healthy working environment, the Group's safety and health policies are in line with various laws and regulations stipulated by the local government, including the Hong Kong's Occupational Safety and Health Ordinance, Singapore's Workplace Safety and Health Act, the Production Safety Laws of the PRC (中國安全生產法), Labour Law of the PRC (中國勞動法), Occupational Disease Prevention Law in the PRC (中國職業病防治法), Regulation on Work-Related Injury Insurance (工傷保險條例). In Singapore, the Group has been awarded the BizSafe Star certification from the Workplace Safety and Health Council and certified OHSAS 18001 to recognise its ability to meet international safety, occupational health and quality management standards.

The Group has formulated monitoring and measuring equipment control procedures and other procedures documents in order to meet the specific safety management and comply with the related fire safety regulations, labour protection management regulations and the production site safety regulations. In 2016, the Group continued to enhance management control over safety and health risks by building up safety bulletins, banners, slogans and warning signs especially in factories area. Emergency exits are unobstructed and unlocked from the inside at all times in working place during working hours. Besides, the licensed workers in Hong Kong are required to attend the Occupational Safety and Health courses provided by Construction Industry Council in order to qualify for the safety certificates and renew the safety card. These qualifications are renewable subject to satisfaction of all renewal criteria according to the relevant laws.

In addition, the Group prohibits smoking and drinking liquor in workplace and carries out cleaning of the air-conditioning systems, disinfection treatment of carpets, emergency drill and safety inspection at regular intervals with an aim to maintain a clean, tidy, smoke-free, non-toxic, non-hazardous, healthy and safe working environment and to examine the health & safety measures' effectiveness. Besides, the Group held regular health and safety work trainings in emergency management, hazardous materials handling, machine safeguarding and occupational health and safety areas to minimise the risk of accidents and enhance the employees' health and safety awareness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.3. Development and Training

The Group aims to foster a learning culture that could strengthen its employees' professional knowledge and skills, and meanwhile, benefiting the Group to achieve better working performance through receiving appropriate trainings. The Group offers different in-house training, technical and soft skill training sessions to the staff in the business of manufacturing and sales of proprietary Chinese medicines and health products in order to strengthen their work-related skills and knowledge and improve operational efficiency and productivity. The trainings are held in 2016 such as Good Manufacturing Practice ("GMP") knowledge and safety knowledge training (GMP知識和安全知識培訓), production site operating skills training (生產現場操作技能培訓), Quality Department operating skills training (品質部人員操作技能培訓) and warehouse management training.

For the business on trading and leasing of construction machinery, the Group provided trainings which includes training with domestic technical institutes and training with equipment manufacturers such as Manitowoc, to enhance technical and product knowledge as well as knowledge of industry quality standards and work place safety standards to its servicing team members.

B.4. Labour Standards

The Group strictly abides by the Employment Ordinance of Hong Kong, Labour Law of the PRC, Labour Contract Law of the PRC, Provision on the Prohibition of Using Child Labour of the PRC (中國禁止使用童工規定), Protection of Minors Law of the PRC (中國未成年人保護法), Singapore's Part V111 of the Employment Act and Employment (Children and Young Persons) Regulations, and other related labour laws and regulations in Hong Kong, the PRC, and other regions to prohibits any child and forced labour employment. To combat against illegal employment on child labour, underage workers and forced labour, the Human Resources Department responsible for recruitment requires the job applicants to provide valid identity documents prior to confirmation of employment, to ensure that the applicants are lawfully employable. The Human Resources Department is responsible to monitor and ensure compliance of latest and relevant laws and regulations that prohibit child labour and forced labour. There are regular checks and inspections on the execution of human resources policies for the Group headquarters and subsidiaries Also, related employment practices are formulated and have been written on the staff handbook in order to completely eradicate child labour, underage workers and forced labour in the Group.

OPERATING PRACTICES

B.5. Supply Chain Management

Trading and leasing of construction machinery

As a socially responsible enterprise, it is critical and vital to maintain and manage a sustainable and reliable supply chain. In FY2016, Manta Hong Kong is authorised dealer on trading and leasing "Potain" brand tower cranes in Hong Kong and Singapore. Manitowoc Crane Group Asia Pte ("Manitowoc"), which is the owner and manufacturer of "Potain" brand tower cranes, is the largest supplier of the Group in 2016. In 2016, Manta Hong Kong also obtained the exclusive dealership of GJJ passenger hoists with Jing Long Eng. Machinery Co. Ltd (廣州市京龍工程機械有限公司) ("Jing Long") in Hong Kong and Macau.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

There have been formal written distribution agreement for both major dealerships of the Group. Current supply arrangement is based on recurring transactions and the long-term business relationship between Manta Hong Kong and Manitowoc and Jing Long. Purchases are made based on the business needs from time to time depending on trading orders and rental requirements. Manta Hong Kong has performed annual evaluation of each major suppliers. There are warranty claim system offered by each supplier ensuring that the defective products will be recorded and credited. In respect of the rental businesses, the Manta group has been carrying "Potain" tower cranes in its rental fleet, therefore the Group has maintained a long term relationship with Manitowoc. Apart from Manitowoc, Manta Hong Kong also sources other brands from other suppliers depending on the market demand. Such relationship enables the Group to gain access to up-to-date information as well as technical support directly from Manitowoc.

The Group also subcontracts certain work processes such as instalment, erection, floor climbing operation and dismantling work of tower cranes and passenger hoists to third party subcontractors through tendering process. In selection for competent subcontractors, the Group considers the price, reputation, previous job reference, compliance with local laws and regulations in business operation, relevant business licenses, products' specifications and qualification of the team workers. Key employees of the subcontractors have to well-versed with their job required skills and knowledge and the subcontractors shall demonstrate favourable stability and ability on establishing long term cooperation with the Group. The terms in the subcontracting agreement are on project basis. For the subcontracted services, Service Supervisor will inspect on site the works performed by the subcontractors to ensure that the quality and technical requirements are properly rendered, completed and fulfilled. Annual review on subcontractors is carried out to achieve quality assurance and satisfactory service practices. Provided that the performances are satisfactory, subcontractors will be re-considered through tendering process in the future.

Furthermore, to enhance the effectiveness of the Group's risk management in terms of environmental and social aspects, the Group complies with local regulations to lessen the environmental impacts made in sourcing activities. Meanwhile, the Group will make continued commitment in monitoring, reviewing and confirming those suppliers' records and products' quality. If the products or services do not meet Group's requirements, suppliers or subcontractors have responsibility to take any remedial measure and corrective actions on a timely basis. If the problem cannot be rectified, the Group will re-evaluate the capability of their ability to perform as required and may re-select suppliers according to the supply chain policy.

With the solid and steady relationships with suppliers, the Group believe that it maintains a good and long-term relationship with selected suppliers by successfully establishing mutual trust and enhancing the competitiveness of the products and services in the market.

Manufacturing and sales of proprietary Chinese medicines and health products

For the business of proprietary Chinese medicines and health products in Jiangxi, the PRC, the Group requires suppliers to be legally law-abiding and their products have to meet its stringent standards such as Pharmacopoeia of the PPC (中華人民共和國藥典), thus the Group gave priority to those with good reputation in accordance to the industry standard and the relevant laws. The principal raw material used in the production of the products is black-bone chicken.

The assessment on potential suppliers are based on various criteria such as the suppliers' price, production capacity, product quality, transportation and delivery capacity, financial situation, after-sales service, complaint mechanism and environmental and social responsibility. Qualifications of the supplier such as GMP or certificates from the State Food and Drug Administration ("SFDA") are also considered.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Quality inspection department performs sample testing for the raw materials to ensure compliance with pharmacopoeia requirements. The Group also arrange on-site quality re-assessment for the core raw material suppliers at least annually. To avoid disruption in production, the Group has a list of approved suppliers which maintains the supply chain is stable and prevent monopoly of suppliers. Besides, the Group has formulated periodic production plan to ensure that the supply of raw materials and prices are in stable.

B.6. Product Responsibility

Trading and leasing of construction machinery

In provision of the trading and leasing of construction machinery and related maintenance services in Hong Kong and Singapore, the Group implements safety measures for tower cranes regardless of their ages. For example, maintenance works such as painting, polishing and reinforcement of connecting parts, and lubrication of moving components are carried out on regular basis and between each rental to meet stringent safety regulations in Singapore and Hong Kong including:

- Hong Kong's Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations, Guidelines on Safety on Tower Cranes, Guidelines on Safety on Lift Shaft Works and Code of Practice for Safe Use of Tower Cranes; and

- Singapore's Workplace Safety and Health Act, Work Injury Compensation Act and Workplace Safety and Health Act Subsidiary Legislation.

Since Manitowoc is the only supplies "Potain" brand tower cranes to the Group in each of these regions, the Group is compliance with the Potain's product manuals specifically for each model to carry out repair and maintenance services and maintain the safety in use of machineries and rental fleets. Besides, the Group performs the product quality control before the erection, climbing and dismantling of machines are taken place. In Hong Kong, the Group engages external government Authorised Examiners ("AE") to carry out ultrasonic test and corrosion prevention test. Professional engineers' calculation is also performed. In Singapore, erected T-cranes requires to obtain the certification from AE before they can operate.

In-house servicing teams in Hong Kong and Singapore play an important role as customers place strong emphasis on quality after-sales and maintenance services, especially in cases of emergency repairs. The in-house teams enable to respond to customers' maintenance and repair requests on a timely manner and conducts regular onsite inspection and maintenance for the rental fleets. The Group monitors and maintains an inventory of replacement and spare parts in Hong Kong and Singapore to facilitate the maintenance activities.

If the Group receives the complaints of the products and services through phone, emails and on-site meeting, it will conduct investigation in order to provide immediate and appropriate responses to customers. In Singapore, the Group has rolled out a 24-hour services hotline to cater for any emergency technical needs of customers. Sales department records the details of the complaint; monitors the handling progress, solve the issues through cross-departmental efforts and finally records the results. Through the internal and external communication channels, the Group obtains first hand and intimate knowledge from its customers. This strengthens product offerings and service quality, and consequently enables us to stay competitive in the market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sales and marketing teams publicise the products and services through marketing activities such as advertising in industry magazines and inviting customers to the suppliers' product launches. The Group is committed to protect customers' rights by providing true information to the customers. Any misrepresentation or exaggeration of offerings made is strictly prohibited which complies with relevant laws and regulations of the local government.

Manufacturing and sales of proprietary Chinese medicines and health products

With regard to health and safety of the products, the Group is strictly in compliance with the related rules and regulations in the PRC, such as Law on the Administration of Pharmaceuticals of the PRC (中華人民共和國藥品管理法) and Implementation Regulation of the Law on the Administration of Pharmaceuticals of the PRC (中華人民共和國藥品管理法實施條例). The Group pays great attention on product responsibility and quality. The quality management adheres to internationally recognised GMP standard. The Group has obtained pharmaceutical manufacturing licence from the SFDA and its production facilities possess GMP certification and relevant qualifications in manufacturing and sales of proprietary Chinese medicines and health products. In additions, the proprietary Chinese medicines and health products are registered with the SFDA.

The Group has established product quality and safety mechanism. The quality control department specialises in the quality inspection and performs sample testing of different stage of products. All the finished products and their packages are inspected by the quality control department and the quality control department issues the quality report to ensure that the quality of the finished products is in line with the relevant national drug standards. If there are any defective products, the Group strictly follows GMP standards and responsible for contacting customer who has purchased the products, collecting the sample products from customers for quality testing and requiring distributors to recall disqualified products if necessary.

The Group strives to ensure a prompt and efficient response to customers' complaints and opinions through VIP programmes, mobile communication platforms and face-to-face interaction. Complaints are handled by the retail managers and relevant departments by carrying out data analysis on collected feedbacks and recording the details of the complaint in an accurate, attentive and timely manner under standard procedures. Findings and proposals of enhancements are proposed to the senior management for final decision. All of these measures strengthen product offerings and service quality, and consequently enable the Group to stay competitive in the market.

The Group abides by applicable laws and regulations relating to the labelling and advertising of the products. For the contents in the products' labels and directions of the proprietary Chinese medicines and health products, the Group is in compliance with Administrative Measures Regarding the Directions and Labels of Pharmaceutical Products (藥品說明書和標籤管理辦法) and related regulations. The Group has designated officers to conduct quality check including the inspection of the packaging, expiry date and labelling of the products before delivering to the customers.

The Group has issued internal guideline to ensure sales materials providing accurate and precise descriptions and information to the customers which comply with the relevant laws and regulations for local operations such as Advertising Law of the PRC (中華人民共和國廣告法). Any misrepresentation or exaggeration advertisements are strictly prohibited. The quality control department and administrative department have closely monitored the released marketing materials to prevent inappropriate or exaggerated advertisement. If there is any noncompliance with internal guideline, the Group should carry out corrective action immediately.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the above segments, the Group is committed in abiding to the privacy law in operating regions. Information collected in the course of business would only be used for the purpose for which it has been collected and customers would be told about how the data collected would be used in business. The Group prohibits the provision of consumer information to a third party without authorisation from the customers. Customers remain the rights to review and revise their data, and also remain the rights to opt out from any direct marketing activities. All collected personal data is treated confidentially and is kept securely, accessible by designated personnel only. Through internal training and confidential agreements with employees, the Group emphasises on confidentiality obligations and the legal consequences for the breaches of obligations.

B.7. Anti-corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the laws and regulations relating to anti-corruption and bribery irrespective of the area or country where the Group is conducting business such as Law of the PRC on Anti-money Laundering (中國反洗錢法), Hong Kong's Prevention of Bribery Ordinance (防止賄賂條例) and Singapore's Prevention of Corruption Act. The Group has formulated and strictly enforced anti-corruption policies as stipulated in Code of Conduct that the Group will not be tolerated any form of corruption. All employees are expected to discharge their duties with integrity and self-disciplined. They should abstain from engaging in any activities related to bribery, extortion, fraud and money laundering which may exploit their positions against the Group's interests in the course of business.

Employees have to report the declaration of conflict to the Group regularly. In addition, when the Group cooperates with external parties, the Group implements proper internal control process and tendering process to prevent any potential threats on corruption. The Group also arranges regular training to executives and employees for enhancing ethical awareness in conducting businesses.

The management conducts investigations against any suspicious or illegal behaviour which are related to bribery, extortion, fraud and money-laundering to protect the Group's interests. Corresponding internal assessment, consulting, investigation and punishment procedures are introduced. The management shall have in-depth investigation and ensure all the relevant information is kept intact and completely recorded.

Furthermore, the Group has set up internal whistleblowing policy system to enable the employees to lodge complaints and report any suspicious activities either verbally or in writing. The Group advocates a confidentiality mechanism to protect the whistle-blowers from fear of threats. Where criminality is suspected after investigation, disciplinary actions will be taken, including termination of employment and a report is made to the relevant authorities. The Audit Committee of the Company shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

COMMUNITY

B.8. Community Investment

The Group places great emphasis on cultivating social responsibility awareness among staff and encourage them to participate in charitable activities. The Group puts a strong emphasis on the staff's health issues and raised donations for those staff with accidents and illnesses. The Group also contributed money in the environmental protection activities to eliminate wastewater, solid waste and GHG emissions.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF EAGLE LEGEND ASIA LIMITED 鵬程亞洲有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Eagle Legend Asia Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 44 to 114, which comprise the consolidated statement of financial position as at 31 December 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Accounting for business combination

(Refer to notes 5, 6 and 39 to the consolidated financial statements)

During the year, the Group has completed the acquisition of subsidiaries. The accounting for business combination involved significant judgements in assessing the fair values of identifiable assets and liabilities acquired, as this directly impacts the amounts of assets, liabilities and goodwill recognised on acquisition. Management has engaged independent professional valuer as the management's expert in assisting the fair value assessment of identifiable assets and liabilities acquired.

Our key audit procedures in relation to assessing the management's accounting for business combination included:

- Assessing the appropriateness of the valuation methodology in respect of the assessment of the fair value of the identifiable assets and liabilities acquired;
- Assessing the reasonableness of the underlying key assumptions and estimations used;
- Involving an auditor's expert to assist our assessment on the reasonableness of key assumptions and estimations, and appropriateness of the valuation methodology; and
- Evaluating the competency, capabilities and objectivity of the management's expert and auditor's expert.

Impairment assessment on goodwill and property, plant and equipment

(Refer to notes 5, 6, 16 and 18 to the consolidated financial statements)

As at 31 December 2016, the Group had goodwill of approximately HK$75,036,000 relating to the acquisition of subsidiaries engaged in cultivation, research, processing and sales of exocarpium citri grandis and its seedlings, and property, plant and equipment of approximately HK$522,716,000. For the year ended 31 December 2016, there was no impairment in respect of the goodwill and an impairment loss on property, plant and equipment engaged in leasing of construction machinery of approximately HK$8,512,000 has been recognised.

Management is required to test annually the amount of goodwill for impairment and property, plant and equipment where impairment indicator was identified. For the purpose of assessing impairment, these assets were allocated to their relevant cash generating units, and the management assessed the recoverable amounts of these assets. Management has engaged independent professional valuers as the management's experts in assisting the assessment of the recoverable amounts of these assets. In carrying out the impairment assessments, significant management judgement was used to determine the underlying key assumptions and estimations.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Impairment assessment on goodwill and property, plant and equipment *(Continued)*

Our key audit procedures in relation to the management's impairment assessment on goodwill and property, plant and equipment included:

- Assessing the appropriateness of the valuation methodology in respect of the assessments of the recoverable amounts;
- Assessing the reasonableness of the underlying key assumptions and estimations used;
- Checking the appropriateness of key input data used in the assessment of the recoverable amounts;
- Involving an auditor's expert to assist our assessment on the reasonableness of key assumptions and estimations and appropriateness of the valuation methodology; and
- Evaluating the competency, capabilities and objectivity of the management's experts and auditor's expert.

Impairment assessment on trade receivables

(Refer to notes 5, 6 and 21 to the consolidated financial statements)

As at 31 December 2016, the Group had trade receivables of approximately HK$54,778,000, and impairment of approximately HK$29,000 has been made over the balance for the year then ended.

In determining whether there is objective evidence of impairment loss, management takes into consideration the credit history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of the trade receivables. Assessing impairment of trade receivables is a subjective area as it requires application of judgement and uses of estimates in the recoverability of trade receivables.

Our key audit procedures in relation to management's impairment assessment on trade receivables included:

- Obtaining an understanding of how impairment is estimated by the management;
- Reviewing the ageing analysis of the trade receivables to understand the settlement patterns by the customers;
- Testing the ageing analysis of the trade receivables, on a sample basis, to the source documents;
- Assessing the reasonableness of the management's recoverability assessment of trade receivables with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of individual customer; and
- Assessing whether there is evidence of management bias on impairment assessment of trade receivables by considering the consistency of judgement made by the management year on year through discussion with the management to understand their rationale.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Lo Ngai Hang
Practising Certificate no. P04743

Hong Kong, 22 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	8	**214,614**	239,755
Cost of sales and services		**(140,762)**	(145,375)
Gross profit		**73,852**	94,380
Other income and gains	9	**1,911**	2,983
Selling and distribution expenses		**(3,132)**	(3,487)
Administrative expenses		**(69,310)**	(65,739)
Other operating expenses		**(51,973)**	(45,061)
Finance costs	10	**(27,058)**	(26,478)
Loss before income tax	11	**(75,710)**	(43,402)
Income tax credit	12	**3,560**	1,333
Loss for the year		**(72,150)**	(42,069)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
(Loss)/gain on revaluation of properties held for own use, net of tax		**(272)**	1,288
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(4,585)**	(7,782)
Other comprehensive income for the year		**(4,857)**	(6,494)
Total comprehensive income for the year		**(77,007)**	(48,563)
Loss for the year attributable to:			
— Owners of the Company		**(72,143)**	(42,035)
— Non-controlling interests		**(7)**	(34)
		(72,150)	(42,069)
Total comprehensive income attributable to:			
— Owners of the Company		**(77,000)**	(48,529)
— Non-controlling interests		**(7)**	(34)
		(77,007)	(48,563)
Loss per share			
— Basic and diluted (HK cents)	14	**(8.3)**	(5.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	522,716	350,005
Payments for leasehold land held for own use under operating leases	17	19,603	21,586
Goodwill	18	75,036	–
Prepayment	22	2,016	–
		619,371	371,591
Current assets			
Biological assets	19	5,164	–
Inventories and consumables	20	52,695	43,705
Trade receivables	21	54,778	56,221
Prepayments, deposits and other receivables	22	20,584	37,237
Short-term investment	23	11,200	–
Tax recoverable		343	–
Cash and cash equivalents	24	198,456	84,346
		343,220	221,509
Current liabilities			
Trade and bill payables	25	65,110	77,508
Receipt in advance, accruals and other payables	26	150,707	86,289
Bank borrowings	27	23,942	43,884
Other loan payable	28	2,848	–
Bonds payable	29	–	100,000
Finance lease payables	30	38,214	41,768
Deferred government grants	31	1,080	–
Provision for tax		–	36
		281,901	349,485
Net current assets/(liabilities)		61,319	(127,976)
Total assets less current liabilities		680,690	243,615
Non-current liabilities			
Accruals and other payables	26	72,074	9,142
Bank borrowings	27	16,918	18,799
Other loans payables	28	2,303	–
Bonds payable	29	41,681	–
Promissory note payable	39	89,477	–
Finance lease payables	30	57,336	55,397
Deferred government grants	31	9,354	–
Deferred tax liabilities	32	13,700	18,037
		302,843	101,375
Net assets		377,847	142,240

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
EQUITY			
Share capital	*33*	**9,600**	8,000
Reserves	*34*	**248,141**	133,688
Equity attributable to the owners of the Company		**257,741**	141,688
Non-controlling interests	*38*	**120,106**	552
Total equity		**377,847**	142,240

Zeng Li
Executive Director

Winerthan Chiu
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital HK$'000	Share premium* HK$'000	Merger reserve* HK$'000	Property revaluation reserve* HK$'000	Translation reserve* HK$'000	Accumulated losses* HK$'000	Equity attributable to the owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2015	8,000	63,968	120,985	8,030	7,738	(18,504)	190,217	586	190,803
Loss for the year	–	–	–	–	–	(42,035)	(42,035)	(34)	(42,069)
Other comprehensive income	–	–	–	1,288	(7,782)	–	(6,494)	–	(6,494)
Total comprehensive income for the year	–	–	–	1,288	(7,782)	(42,035)	(48,529)	(34)	(48,563)
Depreciation transfer on property held for own use carried at fair value, net of tax	–	–	–	(243)	–	243	–	–	–
Balance at 31 December 2015	8,000	63,968	120,985	9,075	(44)	(60,296)	141,688	552	142,240
Balance at 31 December 2015 and 1 January 2016	8,000	63,968	120,985	9,075	(44)	(60,296)	141,688	552	142,240
Loss for the year	–	–	–	–	–	(72,143)	(72,143)	(7)	(72,150)
Other comprehensive income	–	–	–	(272)	(4,585)	–	(4,857)	–	(4,857)
Total comprehensive income for the year	–	–	–	(272)	(4,585)	(72,143)	(77,000)	(7)	(77,007)
Shares issued by way of placing *(Note 33)*	1,600	193,600	–	–	–	–	195,200	–	195,200
Shares issuance expenses *(Note 33)*	–	(2,147)	–	–	–	–	(2,147)	–	(2,147)
Arising from acquisition of subsidiaries *(Note 39)*	–	–	–	–	–	–	–	119,561	119,561
Depreciation transfer on property held for own use carried at fair value, net of tax	–	–	–	(284)	–	284	–	–	–
Balance at 31 December 2016	9,600	255,421	120,985	8,519	(4,629)	(132,155)	257,741	120,106	377,847

* At 31 December 2016, the reserves accounts comprise the consolidated reserves of approximately HK$248,141,000 (2015: approximately HK$133,688,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Loss before income tax		**(75,710)**	(43,402)
Adjustments for:			
Bank interest income	*9*	**(60)**	(79)
Other interest income	*9*	**–**	(480)
Gain on disposal of property, plant and equipment	*11*	**(160)**	(295)
Impairment loss/(recovery of impairment loss) on trade receivables, net	*11*	**29**	(633)
(Recovery of impairment loss)/impairment loss on other receivables, net	*11*	**(91)**	31
Bad debt written-off	*11*	**–**	332
Write-down of inventories to net realisable value and provision for impairment of inventories	*11*	**1,696**	107
Written off of inventories	*11*	**18**	–
Depreciation of property, plant and equipment	*11*	**43,907**	46,100
Amortisation of payments for leasehold land held for own use under operating leases	*11*	**544**	582
Interest expenses	*10*	**27,058**	26,478
Impairment loss on property, plant and equipment	*11*	**8,512**	–
Written off of property, plant and equipment	*11*	**18**	453
Operating profit before working capital changes		**5,761**	29,194
Decrease in inventories and consumables		**7,602**	14,060
(Increase)/decrease in trade receivables		**(1,288)**	12,134
Decrease/(increase) in prepayments, deposits and other receivables		**16,849**	(11,007)
(Decrease)/increase in trade and bill payables		**(11,111)**	16,660
Decrease in receipt in advance, accruals and other payables		**(6,967)**	(9,247)
Cash generated from operations		**10,846**	51,794
Interest paid		**(6,799)**	(9,277)
Income tax paid		**(345)**	(164)
Net cash from operating activities		**3,702**	42,353

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	39	32,149	–
Interest received		60	559
Purchase of property, plant and equipment	42	(3,044)	(15,171)
Purchase of short-term investment		(11,200)	–
Proceeds from disposal of property, plant and equipment		348	420
Net cash from/(used in) investing activities		18,313	(14,192)
Cash flows from financing activities			
Proceeds from issue of shares		195,200	–
Shares issuance expenses		(2,147)	–
Proceeds from new finance leases		28,210	6,612
Repayment of obligations under finance leases		(50,134)	(59,482)
Proceeds from new bank borrowings		22,400	42,360
Repayment of bank borrowings		(40,993)	(45,859)
Payments incurred for renewal of bonds payable	29	(60,877)	–
Net cash from/(used in) financing activities		91,659	(56,369)
Net increase/(decrease) in cash and cash equivalents		113,674	(28,208)
Cash and cash equivalents at the beginning of year		84,346	111,613
Effect of exchange rates changes on cash and cash equivalents		436	941
Cash and cash equivalents at the end of year	24	198,456	84,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Eagle Legend Asia Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Room 3607, 36/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The Company and its subsidiaries (collectively known as the "Group") is principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases, providing repair and maintenance services in respect of the construction machinery; (ii) manufacturing and sales of proprietary Chinese medicines and health products; and (iii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings. The principal activities of the subsidiaries are described in note 37.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 July 2010. The immediate and ultimate holding company of the Company is Harbour Luck Investments Limited, which is incorporated in Hong Kong with limited liability.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements on page 44 to 114 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis, except that the following assets are stated at fair values as explained in the accounting policies set out below:

— land and building carried at fair value; and

— biological assets except for bearer plants.

(c) Functional and presentation currency

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

3. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2016 were approved and authorised for issue by the board of directors on 22 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ADOPTION OF HKFRS

(a) Adoption of new/revised HKFRS — effective 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

The adoption of the amendments has no significant impact on these financial statements.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

Amendments to HKAS 16 and HKAS 41 — Agriculture: Bearer Plants

The amendments define bearer plants and require biological assets that meet the definition to be accounted for as property, plant and equipment in accordance with HKAS 16. The agricultural produce of bearer plants remains within the scope of HKAS 41. The amendments are applied retrospectively.

Bearer plants were acquired through business combination by the Group during the year. The Group has first applied the amendments when preparing these financial statements, and there is no significant impact on these financial statements in respect of the prior period.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ADOPTION OF HKFRS *(Continued)*

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

The following new/revised HKFRS, 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. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses[1]
HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 — Recognition of Deferred Tax Asset for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

HKFRS 2 - Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ADOPTION OF HKFRS *(Continued)*

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

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included classifications on identification of performance obligation; application of principal versus agent; licenses of intellectual; and transaction requirements.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. 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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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.

(c) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquire over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 5(p)), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) 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.

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.

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 other than bearer plants and construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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.

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
Buildings carried at cost	25 to 30 years
Leasehold improvements	5 to 30 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
Bearer plants	15 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

Construction in progress is stated at cost less impairment losses. Construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

A bearer plant is a living plant that:

(i) is used in the production or supply of agricultural produce;

(ii) is expected to bear produce for more than one period; and

(iii) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants of the Group comprise fruit trees of exocarpium citri grandis ("Fruit Trees") in the six parcels of woodlands with total area of 2,151.36 mu (the "Woodlands"), exocarpium citri grandis is involved in the agricultural activities of the biological transformation of the plantation of bearer plants for production of agricultural produce for sale or further processing.

Bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment. No depreciation is provided for in respect of bearer plants until they are in the location and condition necessary to be capable of operating in the manner intended by the management.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

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.

(e) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Biological assets

A biological asset is a living animal or plant managed by an enterprise which is involved in the agricultural activity of the transformation of biological assets for sale, into agricultural produce, or into additional biological assets. The biological assets of the Group relate to the following:

(i) Consumable biological assets — Exocarpium citri grandis growing on bearer plants ("Growing Produce") and seedlings of exocarpium citri grandis ("Seedlings")

(ii) Agricultural produce — Harvested exocarpium citri grandis ("Fresh Fruits")

The consumable biological assets relate to Growing Produce and Seedlings, which are current assets, because they can be sold at anytime not depending on the age. Growing Produce and Seedlings are stated at fair value less estimated costs to sell. Changes in fair value less costs to sell of biological assets except for bearer plants are recognised in the profit or loss.

Agricultural produce harvested from bearer plants is measured at their fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying HKAS 2 Inventories. A gain or loss arising from agricultural produce at the point of harvest at fair value less costs to sell is included in profit or loss for the period in which it arises.

(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 5(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Leasing *(Continued)*

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

(h) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtor's financial difficulty; and

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables
An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. The Group's financial liabilities include trade, bill and other payables, accruals, bank borrowings, other loans payables, bonds payable, promissory note payable and finance lease payables.

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.

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 an extinguishment of the original liability and the recognition of a new liability, and, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment in the profit or loss. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments *(Continued)*

(iii) Financial liabilities *(Continued)*

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.

Other financial liabilities

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

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Inventories and consumables

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories for sales of cranes and spare parts is calculated using first-in-first-out method whereas cost of inventories for sales of proprietary Chinese medicines and health products, and sales of exocarpium citri grandis and its seedlings is determined using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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 on 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised direct in 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Foreign currency

Transactions entered into by the Company/group entities in currencies other than currency of the primary economic environment in which it/they operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The employees of the Company's subsidiaries which operate in Hong Kong are required to participate in the Mandatory Provident Fund ("MPF") Schemes, 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 Company'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 Company's subsidiaries which operate in Macao Special Administrative Region, ("Macau") and the People's Republic of China, excluding Hong Kong Special Administrative Region, Macau and Taiwan, (the "PRC"), are required to participate in central pension scheme operated by the local municipal governments. The Group is required to contribute certain percentage of its payroll costs to the central pension schemes in Macau and the PRC.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(o) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

— Property, plant and equipment under cost model;

— Payments for leasehold land held for own use under operating leases; and

— Investments in subsidiaries

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, had impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(q) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

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, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) 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.

(u) 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

— PRC

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Segment reporting *(Continued)*

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRS, except that:

— Interests on bonds payable

— Certain finance costs

— Corporate income and expenses which are not directly attributable to the business activities or any operating segment

are not included in arriving the operating results of the operating segment.

Segment assets include all assets but exclude short-term investment and corporate assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter. Segment liabilities exclude bonds payable, promissory note payable and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

(v) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

6. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, the directors of the Company (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(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 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 measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Revalued land and buildings — Property, plant and equipment (Note 16);
- Biological assets except for bearer plants (Note 19).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(c) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(d) Impairment of trade and other receivables

The Group makes provision for impairment losses on trade and other receivables based on assessments of the recoverability of the trade and other receivables, including credit history of default or delay in payments, settlement records, subsequent settlements and ageing analysis. 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 provision may be required.

(e) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 5(c). The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows with the assistance of independent professional valuer.

(f) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating units and choose a suitable discount rate in order to calculate the present value to those cash flows. When fair value less costs of disposal calculations are undertaken, the fair value was estimated with the assistance of independent professional valuer using depreciated replacement cost approach and make reference to recent market rate in similar assets adjusted for differences in condition in order to determine the fair value.

(g) Assessment of identifiable assets and liabilities on acquisition of subsidiaries

Upon completion of acquisition of subsidiaries or businesses, the Directors have assessed the acquisition-date fair value of the identifiable assets acquired and liabilities assumed from the acquisition. The Directors use their judgement in selecting an appropriate valuation technique for the Group's identifiable assets and liabilities acquired upon the acquisition of subsidiaries during the year. The fair values of the identifiable assets and liabilities acquired are estimated with the assistance of independent professional valuer. Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests in the acquiree over the fair value of identifiable assets and liabilities acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services from 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 HK$'000	Singapore HK$'000	Vietnam HK$'000	Macau HK$'000	PRC HK$'000	Inter segment elimination HK$'000	Total HK$'000
Year ended 31 December 2016							
Revenue							
From external customers	68,975	86,669	–	516	58,454	–	214,614
From inter segment	1,843	2,706	–	–	–	(4,549)	–
Reportable segment revenue	70,818	89,375	–	516	58,454	(4,549)	214,614
Reportable segment (loss)/profit	(10,447)	(13,514)	(21)	(29)	(7,878)	7	(31,882)
Interests on bonds payable							(20,260)
Unallocated corporate expenses							(20,008)
Loss for the year							(72,150)
Other reportable segment information							
Interest income	40	12	–	–	8	–	60
Interest expenses	(1,098)	(4,284)	–	–	(1,416)	–	(6,798)
Amortisation on payments for leasehold land held for own use under operating leases	–	–	–	–	(544)	–	(544)
Depreciation of non-financial assets	(12,904)	(27,919)	–	–	(3,084)	–	(43,907)
Gain on disposal of property, plant and equipment	93	67	–	–	–	–	160
Impairment loss on property, plant and equipment	(718)	(7,794)	–	–	–	–	(8,512)
Write-down of inventories to net realisable value and provision for impairment of inventories	(107)	(933)	–	–	(656)	–	(1,696)
Written off of inventories	(18)	–	–	–	–	–	(18)
Income tax credit	660	1,905	–	34	961	–	3,560
Additions to non-current segment assets during the year	15,944	23,511	–	–	598	–	40,053
At 31 December 2016							
Reportable segment assets	143,419	215,988	89	391	452,806	(2,511)	810,182
Short-term investment							11,200
Other unallocated segment assets							141,209
Total assets							962,591
Reportable segment liabilities	57,948	102,714	272	300	111,823	–	273,057
Bonds payable							41,681
Promissory note payable							89,477
Other unallocated segment liabilities							180,529
Total liabilities							584,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION *(Continued)*

	Hong Kong HK$'000	Singapore HK$'000	Vietnam HK$'000	Macau HK$'000	PRC HK$'000	Inter segment elimination HK$'000	Total HK$'000
Year ended 31 December 2015							
Revenue							
From external customers	62,423	107,424	–	3,999	65,909	–	239,755
From inter segment	5,875	–	–	–	–	(5,875)	–
Reportable segment revenue	68,298	107,424	–	3,999	65,909	(5,875)	239,755
Reportable segment (loss)/profit	(7,771)	(10,415)	(102)	602	(359)	(656)	(18,701)
Interests on bonds payable							(17,201)
Unallocated corporate expenses							(6,167)
Loss for the year							(42,069)
Other reportable segment information							
Interest income	44	8	1	–	506	–	559
Interest expenses	(1,534)	(4,961)	–	–	(2,782)	–	(9,277)
Amortisation on payments for leasehold land held for own use under operating leases	–	–	–	–	(582)	–	(582)
Depreciation of non-financial assets	(12,983)	(29,845)	–	–	(3,272)	–	(46,100)
Recovery of impairment loss on trade receivables, net	–	633	–	–	–	–	633
Gain on disposal of property, plant and equipment	291	4	–	–	–	–	295
Income tax credit/(expense)	771	598	–	(1)	(35)	–	1,333
Additions to non-current segment assets during the year	23,725	17,489	–	–	1,100	(4,475)	37,839
At 31 December 2015							
Reportable segment assets	147,983	268,399	61	805	147,715	(2,428)	562,535
Unallocated segment assets							30,565
Total assets							593,100
Reportable segment liabilities	55,790	137,880	309	309	103,745	–	298,033
Bonds payable							100,000
Other unallocated segment liabilities							52,827
Total liabilities							450,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. SEGMENT INFORMATION *(Continued)*

The following tables present (i) the revenue from external customers by locations/jurisdictions of customers from which the Group derived revenue for the year and (ii) non-current assets by locations of assets.

Revenue from external customers

	Hong Kong (domicile) HK$'000	Singapore HK$'000	Vietnam HK$'000	Macau HK$'000	PRC HK$'000	Sri Lanka HK$'000	Korea HK$'000	Thailand HK$'000	Indonesia HK$'000	United Arab Emirates HK$'000	Total HK$'000
Year ended 31 December 2016	**56,340**	**55,762**	**–**	**516**	**58,454**	**1,174**	**41,962**	**406**	**–**	**–**	**214,614**
Year ended 31 December 2015	53,835	98,822	2,124	3,999	65,909	28	12,865	1,872	28	273	239,755

Non-current assets

	Hong Kong (domicile) HK$'000	Singapore HK$'000	PRC HK$'000	Total HK$'000
At 31 December 2016	**167,474**	**177,975**	**273,922**	**619,371**
At 31 December 2015	96,797	212,588	62,206	371,591

The Group's revenue from external customers for different products and services is set out in note 8.

Information about a major customer

Revenue from one customer of the Group's PRC (2015: PRC) segment amounted to approximately HK$24,728,000 (2015: HK$29,624,000), which represented 12% (2015: 12%) of the Group's revenue for the year.

8. REVENUE

The Group's principal activities are (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases, providing repair and maintenance services in respect of the construction machinery; (ii) manufacturing and sales of proprietary Chinese medicines and health products; and (iii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. REVENUE *(Continued)*

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

	2016 HK$'000	2015 HK$'000
Sales of machinery	**54,406**	49,825
Sales of spare parts	**5,523**	3,621
Rental income from leasing of owned plant and machinery and those held under finance leases	**67,306**	84,190
Rental income from subleasing of plant and machinery	**1,281**	6,959
Service income	**27,644**	29,251
Sales of proprietary Chinese medicines and health products	**58,454**	65,909
	214,614	239,755

9. OTHER INCOME AND GAINS

	2016 HK$'000	2015 HK$'000
Bank interest income	**60**	79
Other interest income	**–**	480
Compensation received	**857**	629
Gain on disposal of property, plant and equipment	**160**	295
Government subsidies *(Note)*	**–**	1
Recovery of impairment loss on trade receivables, net	**–**	633
Recovery of impairment loss on other receivable, net	**91**	–
Others	**743**	866
	1,911	2,983

Note: Government subsidies comprised unconditional cash subsidies from government for subsidising the Group's manufacturing and sales of proprietary Chinese medicines and health products business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest charges on financial liabilities stated at amortised cost:		
— Bank borrowings	**2,623**	3,952
— Bonds payable	**20,260**	17,201
— Finance lease payables	**4,093**	5,113
— Trade payables	**82**	212
	27,058	26,478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. LOSS BEFORE INCOME TAX

	2016 HK$'000	2015 HK$'000
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration		
— Current year	**959**	627
— Under/(over) provision in respect of prior year	**148**	(21)
Cost of inventories recognised as an expense	**114,902**	84,563
Depreciation of property, plant and equipment *(Note (i))*		
— Owned assets	**23,859**	23,755
— Assets held under finance leases	**20,048**	22,345
	43,907	46,100
Amortisation of payments for leasehold land held for own use under operating leases *(Note (i))*	**544**	582
Impairment loss/(recovery of impairment loss) on trade receivables, net *(Note (ii))*	**29**	(633)
(Recovery of impairment loss)/impairment loss on other receivables, net	**(91)**	31
Bad debt written-off	**–**	332
Write-down of inventories to net realisable value and provision for impairment of inventories *(Note (iii))*	**1,696**	107
Written off of inventories	**18**	–
Gain on disposal of property, plant and equipment	**(160)**	(295)
Impairment loss on property, plant and equipment *(Note (iv))*	**8,512**	–
Written off of property, plant and equipment	**18**	453
Operating lease charges in respect of land and buildings	**4,727**	5,591
Employee costs (including Directors' remunerations *(Note 15)*) *(Note (v))*	**47,461**	44,403
Net foreign exchange loss	**47**	2,029
Net rental income from subletting of plant and machinery	**(281)**	(3,120)

Notes:

(i) Depreciation and amortisation had been included in cost of sales and services and other operating expenses.

(ii) Impairment loss on trade receivables, net had been included in administrative expenses.

(iii) Write-down of inventories to net realisable value and provision for impairment of inventories had been included in cost of sales and services.

(iv) Impairment loss on property, plant and equipment had been included in other operating expenses.

(v) Employee costs (including Directors' remunerations) had been included in cost of sales and services and administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAX CREDIT

	2016 HK$'000	2015 HK$'000
Current tax — PRC		
— Under provision in respect of prior year	–	35
Current tax — Macau		
— Current year	–	36
— Over provision in respect of prior years	(34)	(35)
	(34)	1
Deferred tax		
— Current year *(Note 32)*	(3,526)	(1,369)
Total income tax credit	(3,560)	(1,333)

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, Singapore, Vietnam profits tax and PRC Enterprise Income Tax have not been provided as the Group has no assessable profits for the years.

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full Enterprise Income Tax exemption on profits derived from such business. For a subsidiary of the Group engaged in qualifying agricultural business in the PRC, it is entitled to full exemption of Enterprise Income Tax for the year. For the year ended 31 December 2015, the Group was not engaged in qualifying agricultural business in the PRC and accordingly the Group did not entitle to full exemption of Enterprise Income Tax.

Macau Complementary Tax has not been provided as the Group has no assessable profits for the year. For the year ended 31 December 2015, Macau Complementary Tax had been provided at a tax rate of 12% on the estimated assessable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME TAX CREDIT *(Continued)*

A reconciliation of income tax credit and accounting loss at applicable tax rate is as follows:

	2016 HK$'000	2015 HK$'000
Loss before income tax	(75,710)	(43,402)
Tax calculated at the domestic tax rate of 16.5%	(12,492)	(7,161)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(826)	(109)
Tax effect of non-deductible expenses	9,284	5,375
Tax effect of non-taxable income	(874)	(435)
Tax effect of temporary difference not recognised	720	(154)
Tax effect of tax losses not recognised	902	2,007
Tax effect of utilisation of tax losses previously not recognised	(172)	–
Over provision in respect of prior year	(34)	–
Others	(68)	(856)
Income tax credit	(3,560)	(1,333)

13. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2016 (2015: nil).

14. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$72,143,000 (2015: approximately HK$42,035,000) and on the weighted average number of 874,316,940 (2015: 800,000,000) ordinary shares in issue during the year.

Diluted loss per share is the same as the basic loss per share because the Group has no dilutive potential shares during the year (2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. DIRECTORS' REMUNERATIONS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remunerations

	Directors' fees HK$'000	Salaries, allowances and other benefits* HK$'000	Discretionary bonuses HK$'000	Defined contribution plans HK$'000	Total HK$'000
2016					
Executive directors					
Mr. Zeng Li	–	1,200	100	18	1,318
Mr. Winerthan Chiu	–	800	67	18	885
Mr. Chan Ka Lun	–	600	50	18	668
Non-executive director					
Mr. Wu Bang Xing *(Note)*	48	–	–	–	48
Independent non-executive directors					
Mr. Wan Tze Fan Terence	122	–	–	–	122
Mr. Tsui Robert Che Kwong	122	–	–	–	122
Ms. Yang Yan Tung Doris	122	–	–	–	122
	414	2,600	217	54	3,285

Note: Mr. Wu Bang Xing resigned as non-executive director on 23 June 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. DIRECTORS' REMUNERATIONS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' remunerations *(Continued)*

	Directors' fees HK$'000	Salaries, allowances and other benefits* HK$'000	Discretionary bonuses HK$'000	Defined contribution plans HK$'000	Total HK$'000
2015					
Executive directors					
Mr. Zeng Li	–	1,200	100	18	1,318
Mr. Winerthan Chiu	–	800	67	18	885
Mr. Chan Ka Lun *(Note)*	–	300	25	9	334
Non-executive directors					
Mr. Wu Bang Xing	120	–	–	–	120
Mr. Chan Ka Lun *(Note)*	60	–	–	–	60
Independent non-executive directors					
Mr. Wan Tze Fan Terence	120	–	–	–	120
Mr. Tsui Robert Che Kwong	120	–	–	–	120
Ms. Yang Yan Tung Doris	120	–	–	–	120
	540	2,300	192	45	3,077

Note: Mr. Chan Ka Lun was re-designated from non-executive director to executive director on 1 July 2015.

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2015: 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 (2015: nil).

* Being "salaries, allowances and other benefits" paid or payable in connection with the management of the affairs of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. DIRECTORS' REMUNERATIONS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1 director (2015: 1 director) whose emoluments are reflected in the analysis presented above. The emoluments payable to the 4 highest paid individuals for the year (2015: 4 individuals) are as follows:

	2016 HK$'000	2015 HK$'000
Salaries and other emoluments	4,957	4,559
Discretionary bonuses	928	795
Defined contribution plans	179	132
	6,064	5,486

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

	2016	2015
HK$1,000,001 to HK$1,500,000	1	3
HK$1,500,001 to HK$2,000,000	3	1

(c) Senior management's emoluments

The emoluments paid or payable to 9 (2015: 9) members of senior management whose emoluments fell within the following bands:

	2016	2015
Nil to HK$1,000,000	7	7
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

	Land and building carried at fair value HK$'000	Buildings carried at cost HK$'000	Plant and machinery HK$'000	Furniture and fixture HK$'000	Office and other equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Bearer plants HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2015										
Cost or valuation	9,498	88,279	496,993	2,130	4,020	6,159	4,765	–	–	611,844
Accumulated depreciation	–	(9,447)	(195,399)	(1,789)	(3,526)	(4,013)	(551)	–	–	(214,725)
Net carrying amount	9,498	78,832	301,594	341	494	2,146	4,214	–	–	397,119
Year ended 31 December 2015										
Opening net carrying amount	9,498	78,832	301,594	341	494	2,146	4,214	–	–	397,119
Additions	–	–	33,307	119	401	3,830	182	–	–	37,839
Disposals	–	–	(118)	–	(2)	(5)	–	–	–	(125)
Depreciation	(288)	(3,988)	(40,187)	(133)	(285)	(1,042)	(177)	–	–	(46,100)
Written-off	–	–	(447)	(6)	–	–	–	–	–	(453)
Transfer to inventories	–	–	(22,948)	–	–	–	–	–	–	(22,948)
Valuation adjustment	1,288	–	–	–	–	–	–	–	–	1,288
Exchange differences	–	(3,954)	(12,299)	(9)	(14)	(87)	(252)	–	–	(16,615)
Closing net carrying amount	10,498	70,890	258,902	312	594	4,842	3,967	–	–	350,005
At 31 December 2015										
Cost or valuation	10,498	84,213	463,459	2,232	4,405	9,897	4,695	–	–	579,399
Accumulated depreciation	–	(13,323)	(204,557)	(1,920)	(3,811)	(5,055)	(728)	–	–	(229,394)
Net carrying amount	10,498	70,890	258,902	312	594	4,842	3,967	–	–	350,005
Year ended 31 December 2016										
Opening net carrying amount	10,498	70,890	258,902	312	594	4,842	3,967	–	–	350,005
Acquired through business combination *(Note 39)*	–	–	14,848	–	67	248	–	189,157	12,557	216,877
Additions	–	–	39,161	33	232	579	48	–	–	40,053
Disposals	–	–	–	–	–	(188)	–	–	–	(188)
Depreciation	(328)	(3,792)	(37,875)	(102)	(297)	(1,334)	(179)	–	–	(43,907)
Written-off	–	–	(16)	–	(2)	–	–	–	–	(18)
Transfer to inventories	–	–	(24,360)	–	–	–	–	–	–	(24,360)
Valuation adjustment	(272)	–	–	–	–	–	–	–	–	(272)
Impairment loss	–	–	(8,512)	–	–	–	–	–	–	(8,512)
Exchange differences	–	(3,025)	(3,793)	(6)	(8)	(53)	(77)	–	–	(6,962)
Closing net carrying amount	9,898	64,073	238,355	237	586	4,094	3,759	189,157	12,557	522,716
At 31 December 2016										
Cost or valuation	9,898	80,844	449,495	2,131	4,190	9,457	4,620	193,111	12,557	766,303
Accumulated depreciation and impairment	–	(16,771)	(211,140)	(1,894)	(3,604)	(5,363)	(861)	(3,954)	–	(243,587)
Net carrying amount	9,898	64,073	238,355	237	586	4,094	3,759	189,157	12,557	522,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group is exposed to a number of risks related to Fruit Trees plantation. Details have been disclosed in note 19.

The Group's land and building carried at fair value were valued at 31 December 2016 (2015: 31 December 2015) 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 the time, floor and size relating to the land and building. The revaluation surplus was credited to other comprehensive income. The fair value of land and building is a level 2 recurring fair value measurement. During the year there were no transfer occurred between levels on the hierarchy.

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

	2016 HK$'000	2015 HK$'000
Cost	1,871	1,871
Accumulated depreciation	(854)	(821)
Net carrying amount	1,017	1,050

The Group's land and building carried at fair value was situated in Hong Kong and was held under medium term lease.

The Group's buildings carried at cost less accumulated depreciation and accumulated impairment losses were situated in Singapore and the PRC and were held under medium term lease.

The Group's bearer plants represent Fruit Trees on the Woodlands located in Huazhou City in the PRC, of which five Forestry Rights Certificates have been issued to the Group for the purpose of plantation of exocarpium citri grandis.

Prior to the business combination (Note 39) during the year, Guangdong Dahe Biological Technologies Limited ("Guangdong Dahe") entered into agreements with relevant local village economic cooperatives and obtained Forestry Rights Certificates in respect of five parcels of woodlands with a total area of 2,035.36 mu, which entitle Guangdong Dahe to use these woodlands until 1 October 2034 under operating leases. The ownerships of these woodlands are held respectively by five local village economic cooperatives in Huazhou City.

Pursuant to an agreement dated 12 December 2013 entered into by Guangdong Dahe and another local village economic cooperative, being the owner of the sixth parcel of woodland with an area of 116 mu, Guangdong Dahe has been contracted the rights to use such woodland and the rights to own and use the forestry trees on such woodland for the period from 1 October 2013 to 1 December 2034.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group is in process of obtaining the Forestry Rights Certificate for the sixth parcel of woodland. In the opinion of the Directors, there is no legal impediment for the Group to obtain the aforesaid Forestry Rights Certificate as advised by the PRC legal advisor.

At 31 December 2016, the net carrying amount of the Group's land and building carried at fair value with an amount of approximately HK$9,898,000 (2015: approximately HK$10,498,000) were pledged as security for general banking facilities which included the finance lease facilities.

At 31 December 2016, the net carrying amount of the Group's plant and machinery included an amount of approximately HK$154,677,000 (2015: approximately HK$169,323,000) in respect of assets held under finance leases (Note 30).

At 31 December 2016, the net carrying amount of the Group's buildings carried at cost with an amount of approximately HK$64,073,000 (2015: approximately HK$70,890,000) were pledged as security for bank borrowings (Note 27).

During the year, the management has identified impairment indicator of certain plant and machinery in Hong Kong and Singapore under the leasing of construction machinery operation with reference to the decline of recent market rental rate. An impairment loss of HK$8,512,000 was recognised in other operating expenses to write the carrying amount of the plant and machinery down to its recoverable amount of HK$238,355,000. The recoverable amount of these plant and machinery were based on higher of its fair value less costs of disposal and its value in use. The recoverable amount of certain portion of plant and machinery was determined by the value in use calculations based on cash flow projections under the leasing of construction machinery operation while the recoverable amount of some portion of plant and machinery was determined by the fair value less costs of disposal, with the assistance of independent professional valuers, of plant and machinery under the leasing of construction machinery operation using depreciated replacement cost approach and make reference to recent market rental rate in similar assets adjusted for differences in condition. The fair value less costs of disposal of the plant and machinery is classified as a level 3 measurement.

17. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	HK$'000
At 1 January 2015	23,092
Amortisation charge	(582)
Exchange differences	(924)
At 31 December 2015	21,586
At 1 January 2016	**21,586**
Amortisation charge	**(544)**
Exchange differences	**(1,439)**
At 31 December 2016	**19,603**

The above land is held under medium term lease and is located in the PRC. At 31 December 2015 and 2016, the above land was pledged as security for bank borrowings (Note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combination (Note 39), is as follows:

	2016 HK$'000	2015 HK$'000
At 1 January		
Net carrying amount	–	–
Year ended 31 December		
Opening net carrying amount	–	–
Acquired through business combination *(Note 39)*	75,036	–
Exchange difference	–	–
Closing net carrying amount	75,036	–
At 31 December		
Net carrying amount	75,036	–

For the purpose of impairment testing, goodwill is allocated to the cash generating unit ("CGU") identified as follows:

	2016 HK$'000	2015 HK$'000
Best Earnest Investments Limited and its subsidiaries (Note)	75,036	–

Note: Engaged in cultivation, research, processing and sales of exocarpium citri grandis and its seedlings

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. GOODWILL *(Continued)*

The recoverable amount of the CGU has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period estimated by Greater China Appraisal Limited, an independent professional valuer. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3%, which does not exceed the long-term growth rate for the business in which the CGU operates, key assumptions are as follows:.

	2016 %
Discount rate	23
Growth rate on revenue within five-year period	15–89

The key assumptions for the Group have been determined by the Group's management based on past performance and its expectations for the industry development. The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU.

The Group's management believes that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of the CGU.

19. BIOLOGICAL ASSETS

Biological assets represent Seedlings. Biological assets are analysed as follows:

	Seedlings HK$'000
At 1 January 2015, 31 December 2015 and 1 January 2016	–
Acquired through business combination *(Note 39)*	5,164
At 31 December 2016	5,164

The quantities of biological assets as at the end of reporting date are as follows:

	2016
Seedlings (by quantity)	373,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. BIOLOGICAL ASSETS *(Continued)*

Greater China Appraisal Limited, an independent professional valuer, was engaged to determine the fair value of biological assets at the reporting date. The valuation methodology used to determine the fair value of biological assets is in compliance with both HKAS 41, Agriculture, and "The International Valuation Standards (2013 Edition)" published by the International Valuation Standards Council with aims to determine the fair value of a biological asset in its present location and condition.

The fair value measurement of the biological assets for the Group is categorised as level 3 fair value measurement.

During the year, there was no transfer occurred between levels in the hierarchy. The movement in the fair value of the assets within level 3 of the hierarchy is as follows:

	2016 HK$'000	2015 HK$'000
Opening balance (level 3 recurring fair value)	–	–
Acquired through business combination *(Note 39)*	5,164	–
Closing balance (level 3 recurring fair value)	5,164	–

The following unobservable inputs were used to measure the Group's biological assets:

At 31 December 2016

Description	Valuation technique	Unobservable inputs		Range	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets (i.e. Seedlings)	Cost approach applied for Seedlings with no market comparison was available	Prices of similar transactions	Seedlings	HK$11.9–HK$15.8 per unit	The higher of unobservable inputs, the higher of the fair value less costs to sell determined

The fair value measurement is based on the above biological assets' highest and best use, which does not differ from their actual use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. BIOLOGICAL ASSETS *(Continued)*

The higher of market price, the higher the fair value measurement of the biological assets.

The valuation of Seedlings was determined by reference to accumulated reproduction cost of Seedlings with similar size and weight. Accumulated reproduction cost means the cost to reproduce an asset, which is the plantation costs of Seedlings.

The major assumptions of the valuations of the Group's biological assets were made as follows,

(i) The biological assets were in good and saleable condition as at the reporting date;

(ii) The growth condition and specification (i.e. size and weight) of biological assets are uniform regardless of the nutritional treatment, soil conditions or sunlight coverage;

(iii) No adverse weather condition, plant disease or bacterial infection are materially present by which the growth condition of the biological assets may be impaired.

The Group is exposed to a number of risks related to its plantations:

(i) Environmental factors and natural disasters

The productivity of the biological assets was highly subject to the effect of environment factors such as weather and infectious diseases. Typical risks, including the occurrence of forestry fire, frost, heavy snow, typhoons, pests and infectious diseases, would have a material impact on the productivity, and hence the fair value of the biological assets.

(ii) Fluctuation of prices

The pricing data of the biological assets obtained from the market or the historical selling price provided by the management of the Group was heavily dependent on market competition and consumers' purchasing preference on the biological assets. So the range of price of the biological assets for a particular species could be wide. The timing of supply and demand further heightened the uncertainty of the price estimates for which the product would be sold in a particular year. Competition from online suppliers' platform (e.g. Alibaba and Taobao) may indirectly weaken the Group's bargaining power in recovering the plantation costs plus margin from its customers. As such, the prices may be volatile and subject to various assumptions on inputs.

(iii) Legal rights concerning the use of the Woodlands

The legal administrative framework for sub-urban and rural woodlands in the PRC was not as developed as those for urban lands. Thus, there were risks associated with the ownership, leasing and land use rights concerning the validity and legality of the negotiated arrangements between the land owners (i.e. often the farmers) and the Group, hence heightening the uncertainty on the recoverability of the economic value of the biological assets if potential conflicts arise.

(iv) Single product

In the future plan of the Group, the farmlands are designed for full production of exocarpium citri grandis only. The equipment and the fertilizers are also bought for this cultivation only. The sole product of the Group would become the major weakness of the Group if there is fade of trend for the exocarpium citri grandis or deteriorating quality of exocarpium citri grandis would drive out the customers. The inability of diversifying its revenue stream would make the Group suffer if there is no contingent business plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. INVENTORIES AND CONSUMABLES

	2016 HK$'000	2015 HK$'000
Dried exocarpium citri grandis	10,598	–
Proprietary Chinese medicines and health products	20,049	16,794
Cranes and spare parts	21,997	26,911
Consumables	51	–
	52,695	43,705

21. TRADE RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables, gross	55,059	57,801
Less: Provision for impairment	(281)	(1,580)
Trade receivables, net	54,778	56,221

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 60 days or based on the terms agreed in the relevant sales and rental agreements.

The Directors 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:

	2016 HK$'000	2015 HK$'000
0–30 days	19,954	10,780
31–60 days	10,532	13,155
61–90 days	5,295	8,237
Over 90 days	18,997	24,049
	54,778	56,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE RECEIVABLES *(Continued)*

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

	2016 HK$'000	2015 HK$'000
At 1 January	1,580	3,066
Impairment loss recognised	29	–
Recovery of impairment	–	(633)
Written-off	(1,299)	(672)
Net exchange differences	(29)	(181)
At 31 December	281	1,580

At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis. During the year, the Group had recognised approximately HK$29,000 (2015: nil) for impairment of trade receivables as individually impaired. 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 neither individually nor collectively considered to be impaired is as follows:

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	10,011	8,013
Not more than 3 months past due	26,834	25,326
Over 3 months past due	17,933	22,882
	54,778	56,221

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 provision 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Non-current asset		
Prepayment	**2,016**	–
Current assets		
Prepayments	**4,759**	5,187
Deposits	**3,233**	1,930
Other receivables	**12,592**	30,120
	20,584	37,237
	22,600	37,237

At 31 December 2016, included in other receivables of approximately HK$29,000 (equivalent to approximately Renminbi ("RMB") 26,000) (2015: approximately HK$12,031,000 (equivalent to approximately RMB10,026,000)), represented advances made by the Group to a managerial staff of a subsidiary in the PRC. The balance due was unsecured, interest free and repayable on demand.

At 31 December 2016, included in other receivables of approximately HK$5,615,000 (equivalent to approximately RMB5,013,000) (2015: approximately HK$13,492,000 (equivalent to approximately RMB11,243,000)), represented advances made by the Group to a major customer of a subsidiary operated in the PRC. The balance due was unsecured, interest free and repayable on demand.

The Group did not hold any collateral as security or other credit enhancements over the other receivables.

23. SHORT-TERM INVESTMENT

During the year, the Group purchased a short-term investment with principal amount of approximately HK$11,200,000 (equivalent to RMB10,000,000) from a major bank in the PRC and the balance was not subject to maturity. The Group is entitled to redeem the investment at its principal amount with the bank at anytime unconditionally with immediate effect. The estimated return from the short-term investment ranged from 2.0% to 3.0% per annum. The accrued and unpaid interest will be received upon redemption of the investment from the bank. The Group accounted for the short-term investment in accordance with the accounting policies disclosed in note 5(h)(i). The Directors consider that the carrying value of the short-term investment approximates the fair value as at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. CASH AND CASH EQUIVALENTS

	2016 HK$'000	2015 HK$'000
Cash at bank and in hand	198,456	74,338
Bank deposits maturing within three months	–	10,008
Cash and cash equivalents for the purpose of statement of cash flows	198,456	84,346

The Group had cash and cash equivalents denominated in RMB of approximately RMB19,793,000 (2015: approximately RMB2,313,000) of which the remittance out of the PRC was subject to the exchange control restrictions imposed by the PRC government.

Cash and cash equivalents represent bank deposits and cash at bank and in hand. At 31 December 2015, bank deposits earn interest at a fixed rate at 0.4% per annum. They had maturities ranged from one month to three months. Cash at bank earns interest at floating rates based on daily bank deposits rates. The Group's exposures to foreign currency risk were set out in note 43(c).

25. TRADE AND BILL PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	65,110	59,869
Bill payables	–	17,639
	65,110	77,508

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in purchase agreements. At 31 December 2016, there is no interest-bearing trade payables (2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. TRADE AND BILL PAYABLES *(Continued)*

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

	2016 HK$'000	2015 HK$'000
0–30 days	34,759	34,685
31–60 days	6,767	9,756
61–90 days	2,284	18,504
Over 90 days	21,300	14,563
	65,110	77,508

The fair values of trade and bill 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.

26. RECEIPT IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Current liabilities		
Receipt in advance from customers	15,271	16,296
Accruals	15,854	67,311
Other payables	119,582	2,682
	150,707	86,289

At 31 December 2016, included in other payables (current portion) of approximately HK$110,000,000 (2015: nil) represented the unpaid cash portion of consideration of business combination (Note 39).

The carrying amounts of accruals and other payables 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.

	2016 HK$'000	2015 HK$'000
Non-current liabilities		
Accruals	70,529	–
Other payables	1,545	9,142
	72,074	9,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RECEIPT IN ADVANCE, ACCRUALS AND OTHER PAYABLES *(Continued)*

At 31 December 2016, accruals (non-current portion) of approximately HK$70,529,000 (2015: accruals (current portion) of approximately HK$52,828,000) represented accrued bond interests to be payable at extended maturity date (i.e. 30 June 2018 (2015: 30 November 2016)) (Note 29).

At 31 December 2015 and 2016, the other payables (non-current portion) did not contain a clause that gives the creditor an unconditional right to demand repayment at any time at its own discretion.

27. BANK BORROWINGS

	2016 HK$'000	2015 HK$'000
Bank borrowings repayable:		
Within one year	23,942	43,884
More than one year, but not exceeding two years	1,645	1,616
More than two years, but not exceeding five years	5,626	5,455
More than five years	9,647	11,728
	40,860	62,683
Portion classified as current liabilities	(23,942)	(43,884)
Non-current portion	16,918	18,799

Bank borrowings were denominated in Singapore Dollar ("S$") and RMB. A bank borrowing bore interest at fixed interest rate with effective interest rate at 31 December 2016 at 4.5% (2015: 6.3%) per annum. The other bank borrowing bore interest at variable interest rates. The effective interest rates of the Group's bank borrowing were set out in note 43(a).

At 31 December 2015 and 2016, bank borrowings of the Group were secured by buildings carried at cost (Note 16) and payments for leasehold land held for own use under operating leases (Note 17) of the Group and corporate guarantees executed by the Company and certain subsidiaries.

The carrying values of the Group's borrowings approximate their fair values.

At 31 December 2015 and 2016, the relevant loan agreements of outstanding bank borrowings did not contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. OTHER LOANS PAYABLES

The details of other loans payables at the end of reporting date are as follows:

	2016 HK$'000	2015 HK$'000
Loans repayable:		
Within one year	2,848	–
More than one year, but not exceeding two years	1,743	–
More than two years, but not exceeding five years	560	–
	5,151	–
Portion classified as current liabilities	(2,848)	–
Non-current portion	2,303	–

The other loan payable of approximately HK$2,848,000 was due to a non-controlling interest of a subsidiary while the remaining balances of approximately of HK$2,303,000 were due to various independent third parties to the Group, which are unsecured and interest free.

At 31 December 2016, the relevant loan agreements of outstanding borrowings did not contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

29. BONDS PAYABLE

At 31 December 2015, the bonds with total principal amount of HK$100,000,000 carried interest at a rate of 12% per annum, which were repayable on 30 November 2016.

The original repayable date of the bonds was on 11 June 2014. During the year, the Group obtained consents from all bond holders to further extend the maturity date of the bonds from 30 November 2016 to 30 June 2018.

Pursuant to the extension letters dated 30 November 2016, the interest rate was revised from 12% per annum to 18% per annum and all outstanding amounts including the principal amount and the accrued interests up to 30 November 2016 will be payable on 30 June 2018. As part of the terms for extension, the Group made payment to the bondholders that represented bond interests, covering the period from 1 December 2016 to 30 June 2018, with an amount of approximately HK$48,601,000. Besides, the Group had paid approximately of HK$12,276,000 for the renewal and arrangement fee of the bonds payable. For the presentation of the Group's consolidated financial statements, the amount of prepaid bond interests and, renewal and arrangement fee incurred had been adjusted against the carrying amount of the bonds payables and amortised over the remaining term of bonds payable.

The bonds are secured by the equity interest of certain subsidiaries of the Group.

The Directors consider the revision of terms to the bonds payable did not constitute a substantial modification of financial liabilities, and therefore the Group accounted for it in accordance to the accounting policies disclosed in note 5(h)(iii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCE LEASE PAYABLES

	2016 HK$'000	2015 HK$'000
Total minimum lease payments:		
Due within one year	41,350	44,886
Due in the second to fifth years	60,373	57,822
	101,723	102,708
Future finance charges on finance leases	(6,173)	(5,543)
Present value of finance lease liabilities	95,550	97,165
Present value of minimum lease payments:		
Due within one year	38,214	41,768
Due in the second to fifth years	57,336	55,397
	95,550	97,165
Less: Portion classified as current liabilities	(38,214)	(41,768)
Non-current portion	57,336	55,397

The Group has entered into finance leases for items of plant and machinery. The average lease term is 3 to 5 years (2015: 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.

Certain finance lease payables bore interest at fixed interest rates with effective interest rates at 31 December 2016 ranged from 1.5% to 7.0% (2015: from 1.5% to 7.0%) per annum. The other finance lease payables bore interest at variable interest rates. The effective interest rates on the Group's finance lease payables as at reporting date were set out in note 43(a).

At 31 December 2015 and 2016, certain finance lease payables of the Group were secured by land and building carried at fair value (Note 16) and corporate guarantees executed by the Company and certain subsidiaries.

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 of repayment by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. DEFERRED GOVERNMENT GRANTS

	2016 **HK$'000**	2015 HK$'000
At beginning of the year	**–**	–
Acquired through business combination *(Note 39)*	**10,434**	–
At end of the year	**10,434**	–
Less: Portion classified as current liabilities	**(1,080)**	–
Non-current portion	**9,354**	–

The Group's deferred government grants mainly related to acquisition of property, plant and equipment.

The Group does not have any unfulfilled conditions and other contingencies attaching to government assistance in regard to the government grants at the year ended date.

32. DEFERRED TAX

The movement on deferred tax liabilities is as follows:

	Deferred tax liabilities attributable to accelerated tax depreciation HK$'000	**Revaluation of properties arising from acquisition of a subsidiary** HK$'000	**Total** HK$'000
At 1 January 2015	(9,107)	(11,177)	(20,284)
Recognised in the profit or loss *(Note 12)*	1,369	–	1,369
Exchange differences	452	426	878
At 31 December 2015 and 1 January 2016	(7,286)	(10,751)	(18,037)
Recognised in the profit or loss *(Note 12)*	2,565	961	3,526
Exchange differences	131	680	811
At 31 December 2016	**(4,590)**	**(9,110)**	**(13,700)**

Deferred tax asset in respect of tax losses has not been recognised in the financial statements due to the unpredictability of future profit streams against which the tax losses can be utilised. The tax losses of the subsidiaries operating in Hong Kong amounted to approximately HK$70,849,000 (2015: approximately HK$66,424,000) can be carried forward indefinitely under the current tax legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. SHARE CAPITAL

	2016		2015	
	No. of shares '000	Amount HK$'000	No. of shares '000	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At 1 January	200,000,000	2,000,000	200,000,000	2,000,000
Increase in authorised share capital *(Note (a))*	160,000,000	1,600,000	–	–
At 31 December	360,000,000	3,600,000	200,000,000	2,000,000
Issued and fully paid:				
At 1 January	800,000	8,000	800,000	8,000
Shares issued by way of placing *(Note (b))*	160,000	1,600	–	–
At 31 December	960,000	9,600	800,000	8,000

Notes:

(a) On 15 July 2016, the authorised share capital of the Company was increase from HK$2,000,000 to HK$3,600,000 divided into 360,000,000 shares of HK$0.01 each by creation of an additional 160,000,000 shares.

(b) On 23 June 2016, the Company and Fulbright Securities Limited, a placing agent, entered into a placing agreement in respect of the placement of 160,000,000 ordinary shares of HK$0.01 each to independent investors at a price of HK$1.220 per share. The placement was completed on 15 July 2016 and the premium on the issue of shares, amounting to approximately HK$191,453,000, net of shares issuance expenses of HK$2,147,000, was credited to the Company's share premium account.

34. RESERVES

Share premium

The share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. RESERVES *(Continued)*

Contributed surplus

Contributed surplus of the Company represented the difference between the net assets value transferred from certain subsidiaries to the Company pursuant to the group reorganisation and the nominal value of share capital and share premium of the Company.

Group

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

Company

	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2015	63,968	41,572	(29,312)	76,228
Loss and total comprehensive income for the year	–	–	(6,491)	(6,491)
Balance at 31 December 2015 and 1 January 2016	63,968	41,572	(35,803)	69,737
Loss and total comprehensive income for the year	–	–	(20,533)	(20,533)
Shares issued by way of placing	193,600	–	–	193,600
Shares issuance expenses	(2,147)	–	–	(2,147)
Balance at 31 December 2016	**255,421**	**41,572**	**(56,336)**	**240,657**

35. SHARE OPTION SCHEME

At the extraordinary general meeting held on 30 July 2015, the Company has adopted a new share option scheme (the "Share Option Scheme") to replace the old share option scheme adopted on 25 June 2010 (the "Old Scheme") for the purpose of providing incentive and/or reward to eligible participants for their contributions to, and continuing efforts to promote the interest of, the Group. The eligible participants include (a) full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group); (b) any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group; and (c) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Further details of the Share Option Scheme are set out in the circular dated 13 July 2015. As at 31 December 2016, no option has been granted by the Company under the Share Option Scheme since its adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		158	208
Investments in subsidiaries		–	–
		158	208
Current assets			
Amounts due from subsidiaries		309,330	46,566
Deposit and prepayments		1,102	829
Cash and cash equivalents		141,209	30,565
		451,641	77,960
Current liability			
Accruals		112,065	431
Net current assets		339,576	77,529
Total assets less current liability		339,734	77,737
Non-current liability			
Promissory note payable	39	89,477	–
Net assets		250,257	77,737
EQUITY			
Share capital	33	9,600	8,000
Reserves	34	240,657	69,737
Total equity		250,257	77,737

Zeng Li
Executive Director

Winerthan Chiu
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. INVESTMENTS IN SUBSIDIARIES

At 31 December 2015 and 2016, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name	Form of business structure	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Effective interest held by the Company	Principal activities
Interests held directly					
Alpha Chance Limited	Limited liability company	BVI/Hong Kong	1 ordinary share of United States Dollar ("US$")1 each	100%	Investment holding
Chief Key Limited	Limited liability company	BVI/Hong Kong	1 ordinary share of US$1 each	100%	Investment holding
Eagle Legend Investment (Hong Kong) Limited	Limited liability company	Hong Kong	HK$1	100%	Investment holding
Lucky Boom Investments Limited	Limited liability company	BVI/Hong Kong	1 ordinary share of US$1 each	100%	Investment holding
Interests held indirectly					
Chief Strategy Limited	Limited liability company	BVI/Hong Kong	300 ordinary shares of US$1 each	100%	Investment holding
Forever Treasure Asia Limited	Limited liability company	Hong Kong	HK$1	100%	Investment holding
Gold Lake Holdings Limited	Limited liability company	BVI/Hong Kong	100 ordinary shares of US$1 each	100%	Investment holding
Manta Engineering and Equipment Company, Limited	Limited liability company	Hong Kong	HK$24,014,366	100%	Trading in construction machinery and spare parts
Manta Equipment Rental Company Limited	Limited liability company	Hong Kong	HK$36,094,913	100%	Leasing of construction machinery and provision of repair and maintenance services
Manta Equipment (S) Pte Ltd	Limited liability company	Singapore	10,000,000 ordinary shares of S$ 1 each	100%	Trading and leasing of construction machinery and provision of repair and maintenance services
Manta Equipment Services Limited	Limited liability company	Hong Kong	HK$10,875,287	100%	Investment holding
Manta-Vietnam Construction Equipment Leasing Limited	Limited liability company	Vietnam	Owner invest equity Vietnamese Dong ("VND") 10,649,879,390	67%	Inactive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Note	Form of business structure	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Effective interest held by the Company	Principal activities
Manta Engineering and Equipment (Macau) Company Limited		Limited liability company	Macau	1 quota with nominal value of MOP25,000	100%	Leasing of construction equipment
Manta Services (S) Pte Limited		Limited liability company	Singapore	10,000 ordinary shares of S$1 each	100%	Inactive
江西半邊天藥業有限公司, Jiangxi Newomen Pharmaceutical Co., Ltd.*		Wholly foreign-owned enterprise	PRC	RMB30,000,000	100%	Manufacturing and sales of proprietary Chinese medicines and health products
Manta Services Management Limited		Limited liability company	Hong Kong	HK$5,000	100%	Inactive
Focus Spring Limited		Limited liability company	BVI/Hong Kong	1 ordinary share of US$1	100%	Inactive
Best Earnest Investments Limited ("Best Earnest")	(i)	Limited liability company	BVI/ Hong Kong	200 ordinary shares of US$1 each	51%	Investment holding
Vast Bloom Investment Limited ("Vast Bloom")	(i)	Limited liability company	Hong Kong	HK$1	51%	Investment holding
廣東大合生物科技股份有限公司, Guangdong Dahe Biological Technologies Limited*	(i), (ii)	Wholly foreign-owned enterprise	PRC	RMB50,000,000	40.8%	Cultivation, research, processing and sales of exocarpium citri grandis and its seedlings
深圳前海化橘紅生物科技有限公司 Shenzhen Qianhai Exocarpium Citri Grandis Biological Technologies Limited*	(i)	Wholly foreign-owned enterprise	PRC	HK$20,000,000	51%	Inactive

* The English translation of the company name is for reference only. The official name of this company is in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Notes:

(i) acquired through business combination during the year. Details of the business combination were set out in note 39.

(ii) 80% equity interest of Guangdong Dahe held directly by Vast Bloom and hence the effective equity interest of Guangdong Dahe by the Group amounted to 40.8%, Guangdong Dahe was accounted for as a subsidiary of the Group as the Directors are of the opinion that the Group has power over the investee through control of the board of the subsidiary, exposure to variable returns from investee and the ability to use its power to affect those variable returns.

38. NON-CONTROLLING INTERESTS

Best Earnest, a 51% indirectly-own subsidiary of the Company has material non-controlling interests ("NCI"). The NCI of other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Best Earnest, before intra-group eliminations, is presented below:

	HK$'000
For the year ended 31 December 2016	
Revenue	–
Profit for the period	–
Total comprehensive income	–
Profit allocated to NCI	–
Dividends paid to NCI	–
For the year ended 31December 2016	
Cash flows used in investing activities	(4,570)
Net cash outflows	(4,570)
At 31 December 2016	
Non-current assets	218,893
Current assets	50,131
Current liabilities	(13,365)
Non-current liabilities	(11,657)
Net assets	244,002
Accumulated non-controlling interests	119,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. BUSINESS COMBINATION

On 23 December 2016, Lucky Boom Investments Limited acquired 51% equity interest of Best Earnest from an independent third party at consideration of HK$220,000,000, of which HK$110,000,000 was satisfied by cash and HK$110,000,000 was satisfied by promissory note. The principal activities of Best Earnest and its subsidiaries are investment holding and to engage in the business of cultivation, research, processing and sales of exocarpium citri grandis and its seedlings. The Directors consider the acquisition is a good opportunity to expand the business into manufacturing and selling of medical and health products in the PRC. The Group measured the non-controlling interests in Best Earnest at the non-controlling interests' proportionate share of identifiable net assets.

Since the major subsidiary of Best Earnest is engaged in qualifying agricultural business in the PRC, and it is entitled to full exemption of Enterprise Income Tax. Therefore, there is no deferred tax impact on the fair value adjustments in business combination in accordance with HKFRS 3 (Revised).

The fair values of identifiable assets and liabilities acquired at the date of acquisition were determined by management with the assistance of Greater China Appraisal Limited, an independent professional valuer, and were as follows:

	Fair value HK$'000
Property, plant and equipment	216,877
Biological assets	5,164
Inventories and consumables	10,649
Prepayments and other receivables	4,185
Cash and cash equivalents	32,149
Trade payables	(1,607)
Receipt in advance, accruals and other payables	(7,830)
Other loans payables	(5,151)
Deferred government grants	(10,434)
Total identifiable net assets	244,002
Non-controlling interests	(119,561)
	124,441
The fair value of consideration transfer:	
Cash *(Note 26)*	110,000
Promissory note	89,477
Goodwill	75,036
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	32,149

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. BUSINESS COMBINATION *(Continued)*

The goodwill of approximately HK$75,036,000, which is not deductible for tax purposes, is mainly attributable to the significant future prospect of the acquired business and the synergies arising from the combination of the acquired business with the existing operations of the Group.

Since the acquisition date, Best Earnest has not contributed to Group's revenue and profit or loss. If the acquisition had occurred on 1 January 2016, the unaudited amount of the Group's revenue and loss would have been approximately HK$281,585,000 and HK$10,884,000, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future performance.

The acquisition-related costs were immaterial and they had been expensed and were included in administrative expenses.

The unpaid cash portion of the consideration of HK$110,000,000 was included in the current portion of other payables as at 31 December 2016, and the amount of HK$110,000,000 had been fully settled on 22 February 2017.

The promissory note with principal amount of HK$110,000,000 carries zero interest and with maturity of two years after the issue date of promissory note. The promissory note was issued on 23 December 2016. The fair value of the promissory note was determined with the effective interest rate of 10.75%.

Prior to the completion of the acquisition, there were two lawsuits in relation to the Woodlands of Guangdong Dahe. The respective lawsuits had been finally and conclusively settled on acquisition date. As mentioned in the circular of the Company dated 21 December 2016, there was one outstanding action in relation to the two lawsuits regarding the clean-up and return of properties on certain areas of the Woodlands which had been occupied by other parties ("Clean-up and Return Work"). In the opinion of the Directors, as pursuant to the advice from the PRC legal adviser, the Clean-up and Return Work would have no effect on the final and conclusive conclusion of the two lawsuits. Despite the outstanding action of the Clean-up Work and Return Work, there was no effect to the completion of the acquisition. The management had acknowledged that the Clean-up and the Return Work had been completed as scheduled in January 2017. For details, please refer to the circular of the Company dated 21 December 2016.

40. COMMITMENTS

(a) Operating lease commitment — as lessor

The Group had future aggregate minimum lease receipts in respect of plant and machinery owned by the Group under non-cancellable operating leases as follows:

	2016 HK$'000	2015 HK$'000
Within one year	90,801	35,938
In the second to fifth years, inclusive	4,304	4,623
	95,105	40,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. COMMITMENTS *(Continued)*

(a) Operating lease commitment — as lessor *(Continued)*

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:

	2016 HK$'000	2015 HK$'000
Within one year	388	396
In the second to fifth years, inclusive	1,326	1,584
	1,714	1,980

The Group leases its plant and machinery under operating leases arrangements which run for an initial period of one to two years. All leases are on a fixed rental basis and do not include contingent rentals. The terms of leases generally require the lessee to pay security deposits.

(b) Operating lease commitment — as lessee

The total future minimum lease payments of the Group in respect of plant and machinery, the Woodlands in which plantations are suited, the land located in Singapore and properties under non-cancellable operating leases are as follows:

	2016 HK$'000	2015 HK$'000
Within one year	3,927	3,426
In the second to fifth years, inclusive	4,788	–
After five years	586	
	9,301	3,426

The leases payment in respect of plant and machinery run for a period of one to two years and the leases for the Woodlands run for a period up to the expiry date in 2034. All rentals are fixed over the lease terms and do not include contingent rentals.

(c) Capital commitment

	2016 HK$'000	2015 HK$'000
Group		
Acquisition of property, plant and equipment		
— contracted but not provided for	7,770	–
	7,770	–

The Company does not have any significant capital commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of Directors and other members of key management during the year was as follows:

	2016 HK$'000	2015 HK$'000
Short-term employee benefits	5,853	5,610
Post employment benefits	81	81
	5,934	5,691

42. SIGNIFICANT NON-CASH TRANSACTIONS

Additions to property, plant and equipment of approximately HK$21,833,000 (2015: approximately HK$7,884,000) were financed by finance leases during the year.

43. 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 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 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 has bank deposits, cash at bank balances, short-term investment, trade payables, bank borrowings, bonds payable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. 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 financial instruments at the reporting date:

	Weighted average effective interest rate per annum		Carrying amount	
	2016 %	2015 %	2016 HK$'000	2015 HK$'000
Variable rate instruments				
Financial assets				
Short-term investment	2–3	–	11,200	–
Cash and cash equivalents	0–0.5	0–0.5	198,456	74,338
			209,656	74,338
Financial liabilities				
Bank borrowings	5.85	5.3	18,460	21,605
Finance lease payables	3.1–5.8	3.1–5.3	32,763	21,030
			51,223	42,635
Net exposure			158,433	31,703

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

(ii) Sensitivity analysis

The following table illustrates the sensitivity of loss after income tax for the year and accumulated losses to a reasonably possible change in interest rates of +1% (2015: +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.

	2016 HK$'000	2015 HK$'000
Effect on loss after income tax for the year and accumulated losses	386	273

A -1% (2015: -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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(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. As at 31 December 2016, the five largest trade debtors, in aggregate, contributed approximately HK$37,082,000 or 67% (2015: HK$39,927,000 or 71%) to the Group's total trade receivables. The Group continuously monitors 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.

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, Macau and the PRC. Income and expenses of the Group are primarily denominated in HK$, S$, US$, VND and RMB. Thus, it is exposed to foreign currency risk from currency exposures.

The Group's sales are mainly denominated in HK$, S$, US$ and RMB while purchases are mainly denominated in HK$, S$, US$ and RMB. US$ is not the functional currency 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Foreign currency risk *(Continued)*

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.

(i) Exposure

Foreign currency denominated financial assets and liabilities, translated into a currency other than the functional currency of the Company and its subsidiaries at the closing rates, are as follows:

	RMB HK$'000	US$ HK$'000
2016		
Cash and cash equivalents	**52**	**17,257**
Trade payables	**–**	**300**
2015		
Trade receivables	–	8
Cash and cash equivalents	3	17,298
Trade and bill payables	–	14,356

(ii) Sensitivity analysis

The Directors considered a reasonably possible change of 1% in US$ exchange rates on sensitively analysis would have insignificant impact on the Group's loss before tax and there would be no impact on the Group's equity.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. 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 HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	Less than one year HK$'000	More than one year HK$'000
2016					
Financial liabilities					
— Trade payables	**65,110**	**65,110**	**–**	**65,110**	**–**
— Accruals and other payables	**207,510**	**207,510**	**135,436**	**–**	**72,074**
— Bank borrowings	**40,860**	**47,164**	**–**	**25,371**	**21,793**
— Other loans payables	**5,151**	**5,151**	**–**	**2,848**	**2,303**
— Bonds payable	**41,681**	**100,000**	**–**	**–**	**100,000**
— Promissory note payable	**89,477**	**110,000**	**–**	**–**	**110,000**
— Finance lease payables	**95,550**	**101,723**	**–**	**41,350**	**60,373**
	545,339	**636,658**	**135,436**	**134,679**	**366,543**
2015					
Financial liabilities					
— Trade and bill payables	77,508	77,508	–	77,508	–
— Accruals and other payables	79,135	79,135	69,993	–	9,142
— Bank borrowings	62,683	70,035	–	45,757	24,278
— Bonds payable	100,000	100,000	–	100,000	–
— Finance lease payables	97,165	102,708	–	44,886	57,822
	416,491	429,386	69,993	268,151	91,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(e) Fair value

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and bill payables, accruals and other payables, bank borrowings, bonds payable, other loans payables, finance lease payables and promissory note payable.

The fair values of the Group's financial assets and liabilities were not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair values of non-current liabilities were not disclosed because the carrying values were not materially different from the fair value.

(f) Summary of financial assets and liabilities by category

The categories of financial assets and financial liabilities at the reporting dates are included are as follows:

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables		
— Trade receivables	54,778	56,221
— Other receivables and deposits	15,825	32,050
— Short-term investment	11,200	–
— Cash and cash equivalents	198,456	84,346
	280,259	172,617
Financial liabilities		
At amortised cost		
— Trade and bill payables	65,110	77,508
— Accruals and other payables	207,510	79,135
— Bank borrowings	40,860	62,683
— Other loans payables	5,151	–
— Bonds payable	41,681	100,000
— Promissory note payable	89,477	–
— Finance lease payables	95,550	97,165
	545,339	416,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. EVENT AFTER REPORTING DATE

The Group had received a letter dated 9 March 2017 in relation to defamation claim by a supplier of tower crane's accessories at Singapore (the "Supplier"). The Supplier claimed that the Group had published, and/or caused to be published, the emails containing defamatory words relating to the Supplier in January 2017.

In the opinion of the Directors, the contents of the emails were not defamatory on the basis of the legal opinion obtained from the legal adviser, and the event was happened after reporting date. Therefore, there is no provision made for the defamation claim as at 31 December 2016.

45. 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 carrying amounts of bank borrowings, other loans payables, bonds payable, finance lease payables and promissory note payable as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

	2016 **HK$'000**	2015 HK$'000
Bank borrowings	**40,860**	62,683
Other loans payables	**5,151**	–
Bonds payable	**41,681**	100,000
Promissory note payable	**89,477**	–
Finance lease payables	**95,550**	97,165
Total debts	**272,719**	259,848
Total equity	**377,847**	142,240
Total debt to equity ratio	**0.7**	1.8

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below:

	Year ended 31 December				
	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016 HK$'000**
Revenue	201,104	290,972	305,278	239,755	**214,614**
Cost of sales and services	(95,572)	(155,717)	(166,939)	(145,375)	**(140,762)**
Gross profit	105,532	135,255	138,339	94,380	**73,852**
Other income and gains	7,646	13,186	6,415	2,983	**1,911**
Selling and distribution expenses	(4,833)	(4,687)	(4,842)	(3,487)	**(3,132)**
Administrative expenses	(53,449)	(63,458)	(76,268)	(65,739)	**(69,310)**
Other operating expenses	(39,767)	(45,813)	(47,721)	(45,061)	**(51,973)**
Finance costs	(15,687)	(22,987)	(26,881)	(26,478)	**(27,058)**
(Loss)/profit before income tax	(558)	11,496	(10,958)	(43,402)	**(75,710)**
Income tax (expense)/credit	(1,399)	(2,559)	(225)	1,333	**3,560**
(Loss)/profit for the year	(1,957)	8,937	(11,183)	(42,069)	**(72,150)**
Other comprehensive income					
Item that will not be reclassified to profit or loss:					
Gain/(loss) on revaluation of properties held for own use, net of tax	1,444	1,226	862	1,288	**(272)**
Items that may be reclassified subsequently to profit or loss:					
Loss on revaluation of available-for-sale investments	–	(91)	–	–	**–**
Reclassification adjustment on disposal of available-for-sale investments	–	–	91	–	**–**
Exchange differences on translating foreign operations	4,813	(930)	(6,139)	(7,782)	**(4,585)**
Other comprehensive income for the year	6,257	205	(5,186)	(6,494)	**(4,857)**
Total comprehensive income for the year	4,300	9,142	(16,369)	(48,563)	**(77,007)**
(Loss)/profit for the year attributable to:					
Owners of the Company	(1,677)	9,254	(11,079)	(42,035)	**(72,143)**
Non-controlling interests	(280)	(317)	(104)	(34)	**(7)**
	(1,957)	8,937	(11,183)	(42,069)	**(72,150)**
Total comprehensive income attributable to:					
Owners of the Company	4,580	9,459	(16,265)	(48,529)	**(77,000)**
Non-controlling interests	(280)	(317)	(104)	(34)	**(7)**
	4,300	9,142	(16,369)	(48,563)	**(77,007)**

FIVE YEARS FINANCIAL SUMMARY

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2012	2013	2014	2015	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
TOTAL ASSETS	584,418	774,151	681,879	593,100	**962,591**
TOTAL LIABILITIES	(386,388)	(566,979)	(491,076)	(450,860)	**(584,744)**
NON-CONTROLLING INTERESTS	(1,007)	(690)	(586)	(552)	**(120,106)**
	197,023	206,482	190,217	141,688	**257,741**