



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)

Interim Report

2014

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. So Chung (*Chairman*)

Miss So Man

Miss So Wai

NON-EXECUTIVE DIRECTOR

Mr. Lam Woon Kun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lo Miu Sheung Betty

Mr. Ho Gar Lok

Mr. Lam Cheung Shing, Richard

COMPANY SECRETARY

Mr. Wong Ka Bong

AUTHORISED REPRESENTATIVES

Mr. So Chung

Mr. Wong Ka Bong

PRINCIPAL BANKERS

Hong Kong

Chong Hing Bank Limited

DBS Bank (Hong Kong) Limited

Singapore

United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS

Appleby 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. Ho Gar Lok (*Chairman*)

Mr. Lam Woon Kun

Ms. Lo Miu Sheung Betty

REMUNERATION COMMITTEE

Ms. Lo Miu Sheung Betty (*Chairman*)

Miss So Man

Mr. Ho Gar Lok

NOMINATION COMMITTEE

Mr. So Chung (*Chairman*)

Ms. Lo Miu Sheung Betty

Mr. Ho Gar Lok

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

Unit 6A, Winbase Centre

208-220 Queen's Road Central

Hong Kong

AUDITOR

BDO Limited

WEBSITE

<http://www.elasialtd.com>

STOCK CODE

936

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2014

	Notes	Unaudited Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Revenue	4	159,974	119,930
Cost of sales and services		(87,395)	(54,615)
Gross profit		72,579	65,315
Other income	5	2,357	2,826
Selling and distribution expenses		(2,991)	(1,581)
Administrative expenses		(35,384)	(28,148)
Operating expenses		(24,443)	(22,711)
Finance costs	6	(13,705)	(11,073)
(Loss)/profit before income tax	7	(1,587)	4,628
Income tax expense	8	(1,431)	(1,346)
(Loss)/profit for the period		(3,018)	3,282
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investment		(110)	22
Exchange difference arising on translation of financial statements of foreign operations		(294)	(2,291)
		(404)	(2,269)
Total comprehensive income for the period		(3,422)	1,013
(Loss)/profit for the period attributable to:			
Owners of the Company		(2,996)	3,416
Non-controlling interests		(22)	(134)
		(3,018)	3,282
Total comprehensive income attributable to:			
Owners of the Company		(3,400)	1,147
Non-controlling interests		(22)	(134)
		(3,422)	1,013
		HK cent	HK cent
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the period			
— Basic and diluted	10	(0.4)	0.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	<i>Notes</i>	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	414,737	415,877
Payments for leasehold land held for own use under operating leases		23,396	24,268
Available-for-sale investments		3,033	2,846
		441,166	442,991
Current assets			
Inventories and consumables		45,495	43,859
Trade receivables	12	80,070	83,009
Prepayments, deposits and other receivables		62,038	54,154
Financial assets at fair value through profit or loss		3,419	1,038
Cash and cash equivalents		113,321	149,100
		304,343	331,160
Non-current asset held for sale	13	–	–
		304,343	331,160
Current liabilities			
Trade and bill payables	14	62,292	66,387
Receipt in advance, accruals and other payables		84,477	69,516
Bank borrowings	15	48,383	52,285
Bonds payable	17	100,000	100,000
Promissory notes payable		–	37,920
Finance lease payables	16	54,589	49,875
Provision for tax		136	91
		349,877	376,074
Net current liabilities		(45,534)	(44,914)
Total assets less current liabilities		395,632	398,077

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	<i>Notes</i>	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
Non-current liabilities			
Bank borrowings	15	23,775	24,356
Finance lease payables	16	111,445	110,224
Other payables		34,523	35,351
Deferred tax liabilities		22,139	20,974
		191,882	190,905
Net assets			
		203,750	207,172
EQUITY			
Share capital		8,000	8,000
Reserves		195,082	198,482
Equity attributable to the owners of the Company			
		203,082	206,482
Non-controlling interests		668	690
Total equity			
		203,750	207,172

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Investment revaluation 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 equity HK\$'000
Unaudited for the six months ended 30 June 2013										
At 1 January 2013	8,000	63,968	120,985	-	6,340	14,807	(17,077)	197,023	1,007	198,030
Profit for the period	-	-	-	-	-	-	3,416	3,416	(134)	3,282
Other comprehensive income for the period:										
Change in fair value of available-for-sale investment	-	-	-	22	-	-	-	22	-	22
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	(2,291)	-	(2,291)	-	(2,291)
Total comprehensive income for the period	-	-	-	22	-	(2,291)	3,416	1,147	(134)	1,013
At 30 June 2013	8,000	63,968	120,985	22	6,340	12,516	(13,661)	198,170	873	199,043

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Investment revaluation 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 equity HK\$'000
Unaudited for the six months ended 30 June 2014										
At 1 January 2014	8,000	63,968	120,985	(91)	7,385	13,877	(7,642)	206,482	690	207,172
Loss for the period	-	-	-	-	-	-	(2,996)	(2,996)	(22)	(3,018)
Other comprehensive income for the period:										
Change in fair value of available-for-sale investment	-	-	-	(110)	-	-	-	(110)	-	(110)
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	(294)	-	(294)	-	(294)
Total comprehensive income for the period	-	-	-	(110)	-	(294)	(2,996)	(3,400)	(22)	(3,422)
At 30 June 2014	8,000	63,968	120,985	(201)	7,385	13,583	(10,638)	203,082	668	203,750

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Net cash generated from operating activities	37,020	21,600
Net cash (used in)/generated from investing activities	(46,142)	2,252
Net cash used in financing activities	(27,361)	(8,082)
(Decrease)/increase in cash and cash equivalents	(36,483)	15,770
Cash and cash equivalents at 1 January	149,100	125,699
Effect of exchange rates changes on cash and cash equivalents	704	135
Cash and cash equivalents at 30 June	113,321	141,604

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

1. GENERAL INFORMATION AND BASIS OF PRESENTATION AND PREPARATION

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 Unit 6A, Winbase Centre, 208–220 Queen's Road Central, Hong Kong. The Company and its subsidiaries (collectively known as the "Group") are principally engaged in trading of construction machinery and spare parts, leasing of the construction machinery, providing repair and maintenance services in respect of the construction machinery and manufacturing and sales of proprietary Chinese medicine and health products.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 July 2010. As at 30 June 2014, the immediate holding company of the Company is Eagle Legend International Holdings Limited which is incorporated in the British Virgin Islands (the "BVI") and the directors of the Company (the "Directors") consider the ultimate holding company of the Company is Constant Success Holdings Limited, a private limited company, which is incorporated in the BVI.

The interim financial report for the six months ended 30 June 2014 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial report does not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

The interim financial report has been prepared on a going concern basis despite the Group had net current liabilities of approximately HK\$45,534,000 as at 30 June 2014, as the Directors are confident that the Group will be able to meet its financial obligations as they fall due for twelve months from 30 June 2014, on the basis that (a) a credit facility obtained from an independent third party of which the independent third party would subscribe a two-year promissory note of HK\$55,000,000 unconditionally to be issued by the Group upon the Group's demand; (b) the Group's future operations can generate sufficient cash flows; and (c) the Group's other present available facilities. The Directors are of the opinion that, in the absence of unforeseen circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting date and it is appropriate to prepare the interim financial report for the six months ended 30 June 2014 on a going concern basis notwithstanding the net current liabilities position of the Group.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "NEW/REVISED HKFRSs")

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the adoption of the New/Revised HKFRSs as disclosed below.

In the current period, the Group has applied for the first time the following New/Revised HKFRSs issued by the HKICPA which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2014.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The adoption of these New/Revised HKFRSs did not result in significant changes in the Group's interim financial report.

3. SEGMENT INFORMATION

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
- The People's Republic of China (the "PRC")

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. All inter-segment transfers are carried out at prices mutually agreed between the parties.

Segment assets include all assets but exclude 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 corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

4. REVENUE

The Group's principal activities are trading of construction machinery and spare parts, leasing of the construction machinery, providing repair and maintenance services in respect of the construction machinery and manufacturing and sales of proprietary Chinese medicines and health products.

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

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Sales of machinery	45,161	25,871
Sales of spare parts	2,251	1,906
Rental income from leasing of owned plant and machinery and those held under finance leases	63,140	64,253
Rental income from subleasing of plant and machinery	6,965	11,644
Service income	19,382	16,256
Sales of proprietary Chinese medicines and health products	23,075	–
	159,974	119,930

5. OTHER INCOME

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Bank interest income	883	416
Commission income	61	25
Compensation received	329	–
Dividend income	75	–
Gain on disposal of investment (Note 13)	–	1,272
Gain on disposal of property, plant and equipment	83	–
Government subsidies (Note)	523	–
Recovery of impairment of doubtful trade receivables	–	678
Others	403	435
	2,357	2,826

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 INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

6. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Interest charges on financial liabilities stated at amortised cost:		
— Trust receipt loans wholly repayable within five years	—	245
— Bank borrowings wholly repayable within five years	1,650	72
— Bank borrowings not wholly repayable within five years	727	651
— Finance lease payables wholly repayable within five years	3,491	3,415
— Bonds payable	7,405	6,574
— Trade payables	432	116
	13,705	11,073

7. (LOSS)/PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
(Loss)/profit before income tax is arrived at after charging:		
Depreciation of property, plant and equipment		
— Owned assets	7,736	8,685
— Assets held under finance lease	17,426	14,026
Loss on disposal of property, plant and equipment	—	6
Staff costs		
— Wages, salaries and bonus	17,980	14,953
— Contribution to defined contribution pension plans	1,967	1,858

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Current tax — PRC — Current year	57	—
Current tax — Macau — Current year	3	—
Deferred tax	1,371	1,346
Total income tax expense	1,431	1,346

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Hong Kong, Singapore and Vietnam profits tax have not been provided as the Group has (i) no assessable profits or (ii) allowable tax losses brought forward to set off against the assessable profits for the six months ended 30 June 2014 (2013: Nil).

Macau Complementary Tax has been provided for the period at a tax rate of 12% on the estimated assessable profits. No provision for Macau Complementary Tax had been provided for the six months ended 30 June 2013 as the Group had no assessable profits.

PRC Enterprise Income Tax has been provided for the period at a tax rate of 25% on the estimated assessable profits.

9. DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2014 (2013: Nil).

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the six months ended 30 June 2014 is based on the loss attributable to the owners of the Company of approximately HK\$2,996,000 (2013: profit of approximately HK\$3,416,000), and on the weighted average number of 800,000,000 (2013: 800,000,000) ordinary shares in issue during the period.

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as the Group has no dilutive potential ordinary shares during the six months ended 30 June 2014 (2013: Nil).

11. CAPITAL EXPENDITURES

During the period, the Group incurred capital expenditures of approximately HK\$29,465,000 (2013: HK\$24,927,000) which were mainly related to the additions of property, plant and equipment.

12. TRADE RECEIVABLES

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
Trade receivables, gross	82,970	85,114
Less: Provision for impairment	(2,900)	(2,105)
Trade receivables, net	80,070	83,009

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 sales and rental agreements.

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

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
0-30 days	30,305	30,631
31-60 days	9,711	23,660
61-90 days	24,881	16,869
Over 90 days	15,173	11,849
	80,070	83,009

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

13. NON-CURRENT ASSET HELD FOR SALE

On 25 January 2013, the Group entered into a sale and purchase agreement with a third party to dispose its entire equity interest in Shenzhen Nectar Engineering & Equipment Co., Ltd. for a consideration of RMB1.486 million (approximately HK\$1.85 million). The gain on disposal of approximately HK\$1.272 million had been recognised in the six month ended 30 June 2013.

14. TRADE AND BILL PAYABLES

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in the purchase agreement. At 30 June 2014, trade payables of approximately HK\$11,447,000 (At 31 December 2013: approximately HK\$24,393,000) were interest-bearing at 5.5% (At 31 December 2013: 5.5%) per annum.

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

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
0–30 days	12,510	35,051
31–60 days	17,162	11,625
61–90 days	23,759	11,804
Over 90 days	8,861	7,907
	62,292	66,387

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

15. BANK BORROWINGS

	Unaudited	Audited
	At 30 June	At 31 December
	2014	2013
	HK\$'000	HK\$'000
Bank borrowings repayable:		
Within one year	48,383	51,325
More than one year, but not exceeding two years	1,723	2,624
More than two years, but not exceeding five years	5,743	5,550
More than five years	16,309	17,142
	72,158	76,641
Portion classified as current liabilities	(48,383)	(52,285)
Non-current portion	23,775	24,356

Bank borrowings were denominated in Hong Kong dollars, Singapore dollars and Renminbi. Certain bank borrowings bore interest at fixed interest rates with effective interest rates at 30 June 2014 ranged from 6.6% to 7.2% (At 31 December 2013: ranged from 6.3% to 7.3%) per annum. The other bank borrowings bore interest at variable interest rates with effective interest rates ranged from 4.8% to 5.3% (At 31 December 2013: ranged from 4.5% to 5.3%) per annum.

At 30 June 2014, bank borrowings of the Group were secured by buildings carried at cost of approximately HK\$83,388,000 (At 31 December 2013: approximately HK\$86,157,000) and payments for leasehold land held for own use under operating leases of the Group of approximately HK\$23,396,000 (At 31 December 2013: approximately HK\$24,268,000) and corporate guarantees executed by the Company and certain subsidiaries.

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

At 31 December 2013, the current liabilities included bank borrowings of approximately HK\$960,000 that are not scheduled to repay within one year. They were classified as current liabilities as the related loan agreements contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

16. FINANCE LEASE PAYABLES

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
Total minimum lease payments:		
Due within one year	60,522	55,875
Due in the second to fifth years	117,874	117,095
	178,396	172,970
Future finance charges on finance leases	(12,362)	(12,871)
Present value of finance lease liabilities	166,034	160,099
Present value of minimum lease payments:		
Due within one year	54,589	49,875
Due in the second to fifth years	111,445	110,224
	166,034	160,099
Less: Portion classified as current liabilities	(54,589)	(49,875)
Non-current portion	111,445	110,224

The Group has entered into finance leases for items of plant and machinery. The average lease term is 3 to 5 years. At the end of the lease term, the Group has the option to purchase the leased equipment at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease for it to be reasonably certain, at the inception of the lease, that the option will be exercised.

Certain finance lease payables bore interest at fixed interest rates with effective interest rates at 30 June 2014 ranged from 2.9% to 7% (At 31 December 2013: ranged from 2.9% to 8.6%) per annum. The other finance lease payables bore interest at variable interest rates with effective interest rates ranged from 3.1% to 5.8% (At 31 December 2013: ranged from 3.2% to 5.8%) per annum.

Finance lease payables of the Group were secured by land and building carried at fair value of approximately HK\$8,767,000 (At 31 December 2013: approximately HK\$8,898,000) 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 by repayment by the Group.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

17. BONDS PAYABLE

The bonds carry interest at a rate of 12% (At 31 December 2013: 12%) per annum, which were repayable on 11 June 2014 and secured by the equity interest of certain subsidiaries. Pursuant to a letter of extension signed on 6 June 2014, the maturity date of the bonds is extended to 30 November 2014.

18. OUTSTANDING CLAIM

The Group had received a letter dated 3 February 2014 in relation to intended claim lodged by a customer (the "Customer") of the Group for the damage to luffing jib of a tower crane (the "Crane") in Singapore on 24 July 2013 in the course of a servicing of the Crane performed by the Group.

The Group had further received a writ of summons dated 14 May 2014 and a statement of claim dated 19 May 2014 in The High Court of The Republic of Singapore in respect of the claim lodged by the Customer for total damages of approximately S\$571,000 (equivalent to approximately HK\$3,540,000) (the "Claim").

After consulting the Group's legal adviser, the Group is in negotiation with the Customer to settle the Claim out-of-court. As of the date of this interim financial report, the negotiation is still in progress and the Directors consider that the provision of S\$540,000 (equivalent to HK\$3,323,000) made regarding the potential outstanding amount of claim in the year ended 31 December 2013 would be adequate.

19. COMMITMENTS

(a) Operating lease commitment — Group as lessor

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

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
Within one year	57,451	60,565
In the second to fifth years, inclusive	7,068	3,152
	64,519	63,717

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

19. COMMITMENTS *(Continued)*

(a) Operating lease commitment — Group 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:

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
Within one year	9,186	4,714
In the second to fifth years, inclusive	363	–
	9,549	4,714

The Group leases its plant and machinery under operating leases arrangements which run for an initial period of one to two years (At 31 December 2013: 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, and properties under non-cancellable operating leases are as follows:

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
Within one year	1,527	2,614
In the second to fifth years, inclusive	2,338	2,454
After five years	409	627
	4,274	5,695

The leases run for a period of one to fifteen years (At 31 December 2013: one to fifteen years). All rentals are fixed over the lease terms and do not include contingent rentals.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

19. COMMITMENTS *(Continued)*

(c) Capital commitment

	Unaudited At 30 June 2014 HK\$'000	Audited At 31 December 2013 HK\$'000
Property, plant and equipment — plant and machinery Contracted but not provided for	9,469	11,795

20. RELATED PARTY TRANSACTIONS

(i) Saved as disclosed elsewhere in this interim financial report, there was no other material related party transactions carried out during the period.

(ii) Key management personnel compensation

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Directors and other members of key management		
Short-term employee benefits	3,425	1,328
Post employment benefit	85	17
	3,510	1,345

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2014

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets measured at fair value *(Continued)*

	Group			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
30 June 2014				
Financial assets at fair value through profit or loss				
— Listed equity investments	3,419	—	—	3,419
Available-for-sale investments				
— Listed equity investments	3,033	—	—	3,033
	6,452	—	—	6,452
31 December 2013				
Financial assets at fair value through profit or loss				
— Listed equity investments	1,038	—	—	1,038
Available-for-sale investments				
— Listed equity investments	2,846	—	—	2,846
	3,884	—	—	3,884

During the six months ended 30 June 2014, there have been no significant transfers between levels.

(b) Financial assets and liabilities measured at cost or amortised cost

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2014 and 31 December 2013.

22. APPROVAL OF THE INTERIM FINANCIAL REPORT

This interim financial report has been approved and authorised for issue by the board of Directors of the Company on 28 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The board (the "Board") of directors (the "Directors") of Eagle Legend Asia Limited (the "Company") did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2014 (the "Period").

OVERALL GROUP RESULTS

For the Period, the Company and its subsidiaries (collectively, the "Group") generated revenue of approximately HK\$160.0 million (six months ended 30 June 2013: approximately HK\$119.9 million) with a loss for the Period of approximately HK\$3.0 million (six months ended 30 June 2013: profit for the period of approximately HK\$3.3 million).

The increase in the revenue for the Period was mainly attributable to a higher level of sales of machinery and the recognition of sales of proprietary Chinese medicines and health products from 江西半邊天藥業有限公司 (for identification purpose, in English, Jiangxi Newwomen Pharmaceutical Co., Ltd.) ("Newwomen"), a domestic enterprise in Jiangxi, the People's Republic of China (the "PRC"), which was acquired on 29 November 2013.

Revenue from sales of machinery of approximately HK\$45.2 million was recorded for the Period, representing an increase of approximately 75% over the amount we achieved in the six months ended 30 June 2013. This was due to the sales of both new and used cranes during the process of fleet review in Hong Kong and Singapore.

Our rental income decreased to approximately HK\$70.1 million for the Period, representing a decrease of approximately 8% as compared with approximately HK\$75.9 million for the six months ended 30 June 2013.

The sales of spare parts and service income recorded revenue of approximately HK\$21.6 million for the Period, approximately 19% higher than that of approximately HK\$18.2 million for the same period in 2013. The increase in demand for service and spare parts mainly due to the increase in sales of machinery incurred during the Period.

Upon the completion of acquisition of Newwomen in late 2013, the sales of proprietary Chinese medicines and health products contributed approximately HK\$23.1 million during the Period. Given the nourishing nature of Newwomen's products, the first half of year is traditional low season and demand usually rises in the second half of year as end customers usually take Chinese health products in autumn and winter period. The Directors believe that Newwomen's performance is in line with their expectations.

Overall, due to the increase in revenue, acquisition of Newwomen and the increase in legal and professional fees incurred for our proposed very substantial disposal of construction equipment business, the Group incurred additional operating expenses and administrative expenses over the same period in 2013 by approximately HK\$9.0 million.

Loss per share for the Period was HK0.4 cent (six months ended 30 June 2013: earnings per share HK0.4 cent).

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Group anticipates that the construction equipment businesses in both Singapore and Hong Kong will face intense market challenges.

The construction sector in Singapore is facing a shrinking private sector demand. According to the Building and Construction Authority, public sector projects are expected to contribute to the majority of the industry's total demand at close to 60%. However, the private sector outlook appears to be dismal. Demand is expected to be S\$12-16 billion in 2014, compared to S\$21 billion in 2013. This is in view of the market volatility amid the Singapore Government's multi-pronged approach to stabilise the property market, the substantial supply of completed housing units coming on-stream over the next few years, as well as the scaling back of new Government land sales for the first half of 2014. This outlook is the same for years 2015 and 2016.

The supply of tower cranes has already reached market equilibrium. Owing also to the increasing supply of Chinese made cranes which are more affordable than the established international brand cranes, such as our products, there is also a downward pressure of our tower crane rental rate in Singapore.

We anticipate a rise in interest rate in US\$ and HK\$ in 2015, which would have an adverse impact on the construction equipment business, where most of the financial liabilities are denominated in US\$ and HK\$.

The Hong Kong construction sector business outlook appears to be stable according to government development and planning. However, most of the projects for the Group's construction equipment business in Hong Kong are scheduled to be completed during the second half of 2014 and the first half of 2015. Accordingly, there is a pressure for our Hong Kong management team to ensure that our rental pipeline is in place to maintain the utilisation rate of our tower crane at a satisfactory level.

Comparing to Singapore, Hong Kong is facing a more severe competition from lower cost Chinese made cranes due to the lack of "type approval" requirement and a relatively free market. There is similar downward pressure on rental income which may affect the return on investment of our cranes. Our open-yard storage space will be due for renewal in 2015. Due to the scarcity of similar type of storage space in the New Territories, we are vulnerable to an increase in rental for storage of the construction equipments.

On the other hand, the Directors believe that expansion of Newwomen's business and diversification in its product line is crucial to increase Newwomen's revenue in long run. With the deadline of the new Good Manufacturing Practice for Pharmaceutical Products ("GMP") accreditation for non-sterile pharmaceutical manufacturers approaching at the end of 2015, the Directors expect Newwomen will benefit from such industry consolidation. We will seek opportunities to acquire drug licenses, especially those of the National Medical Insurance Catalogue and the Essential Medicines List, from those pharmaceutical manufacturers who do not possess the resources necessary for the new GMP regulations, and will continue to invest in research and development. Currently, Newwomen has invested in 3 chemical medicines and 3 health products that are under development.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

There were no significant events occurred after the reporting date.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2014, the Group had cash and cash equivalents of approximately HK\$113.3 million (At 31 December 2013: approximately HK\$149.1 million).

As at 30 June 2014, the Group had total assets of approximately HK\$745.5 million, representing a decrease of approximately HK\$28.7 million over that of 31 December 2013. The decrease was mainly attributable to the settlement of promissory notes payable of approximately HK\$37.9 million during the Period.

The Group's gearing ratio as at 30 June 2014 was 1.7 (At 31 December 2013: 1.8), which was calculated on the basis by dividing total debts (sum of bonds payable, promissory notes payable, bank borrowings and finance lease payables) with the total equity as at the respective dates. The Group entered into more finance lease contracts to acquire new machinery and settled the promissory notes payable in the Period.

During the Period and as at 30 June 2014, 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 are 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.

As at 30 June 2014, the Group had net current liabilities of approximately HK\$45.5 million (At 31 December 2013: approximately HK\$44.9 million). The Directors are of the opinion that the Group has sufficient internal financial resources with its present available facilities to meet its financial obligations for the financial year ending 31 December 2014. In view of the capital intensive nature of the Group's construction equipment business, the Group is in the process of disposing the construction equipment business in order to reduce its gearing for ensuring the Group's healthy financial position.

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 are charged by reference to prevailing market rates.

The debts (including bonds payable, promissory notes payable, bank borrowings and finance lease payables) of the Group were denominated in HK\$, US\$, S\$ and RMB, of which approximately HK\$203.0 million is repayable within one year after 30 June 2014 (At 31 December 2013: approximately HK\$239.1 million) and approximately HK\$135.2 million is repayable more than one year (At 31 December 2013: approximately HK\$135.5 million).

CAPITAL STRUCTURE

As at 30 June 2014, the Company's total issued ordinary shares was 800,000,000 at HK\$0.01 each (the "Shares", each, a "Share"). There was no change in the share capital of the Company during the Period.

INVESTMENT POSITION AND PLANNING

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. As at the date of this report, the liquidation has not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARY

Proposed very substantial disposal of construction equipment business

On 17 April 2014, Chief Key Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Joy Club Enterprises Ltd., an independent third party, to dispose of (1) the entire interests in Chief Strategy Limited and Gold Lake Holdings Limited (the "Sale Group") and (2) the entire shareholders' loans owed by the Sale Group to the Vendor in an aggregate sum of approximately HK\$56.3 million for a consideration of HK\$127.5 million (the "Proposed Disposal"). The Proposed Disposal constituted a very substantial disposal for the Company under Chapter 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is subject to the approval of the shareholders of the Company (the "Shareholders") at the general meeting. Upon completion of the Proposed Disposal (the "Completion"), the Group will focus on the manufacturing and sale of proprietary Chinese medicines and health products in the PRC (the "Remaining Business").

On 6 June 2014, the Listing Committee of the Stock Exchange (the "Listing Committee") informed the Company in essence that the Company would fail to satisfy Rule 13.24 of the Listing Rules to maintain a sufficient level of operation or assets to warrant a continued listing of the Stock Exchange should it proceed with the Proposed Disposal (the "Listing Decision"). In addition, the Listing Committee decided that, pursuant to Rule 6.01 of the Listing Rules, the securities of the Company should be suspended from trading on the Stock Exchange upon Completion and any application for resumption of trading should be treated as a new listing application. Since the Remaining Business is profitable, its scale is substantial, owns substantial manufacturing facilities and land, owns a large number of trademarks and drug licenses and employs a significant workforce, the Board does not agree with the view of the Listing Committee, and has made an application on 14 June 2014 to request a review of the Listing Decision, which hearing took place on 12 August 2014 in the meeting of Listing (Review) Committee of the Stock Exchange, the decision of which has not been communicated to the Company as at the date of this report.

The Proposed Disposal has not yet been completed on 30 June 2014. Details of the Proposed Disposal were disclosed in the announcements of the Company dated 27 June 2014 and 31 July 2014.

Save as disclosed in this report, the Group had no other material acquisition or disposal of subsidiary during the Period.

PLEDGE OF GROUP ASSETS AND CONTINGENT LIABILITIES

The Group's banking facilities are secured by the assets of the Group, including land and building carried at fair value, building carried at cost and payments for leasehold land held for own use under operating leases, with aggregate carrying amount of approximately HK\$115.6 million (At 31 December 2013: approximately HK\$119.3 million). The bonds of HK\$100 million were secured by the equity interests of certain subsidiaries.

As at 30 June 2014, the Group had no significant contingent liabilities (At 31 December 2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had 266 (At 31 December 2013: 265) employees in Hong Kong, Singapore, Vietnam and the PRC, of which 96 employees belong to the construction equipment business and 162 employees belong to the pharmaceutical business. The Group has not had any significant problem with its employee or disruption due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff, except that there is a severe shortage of skilled labour in the construction equipment business. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INFORMATION

Re-election of Directors

Upon conclusion of the annual general meeting of the Company held on 16 May 2014, Miss So Man and Miss So Wai have been re-elected as executive Directors and Mr. Lam Cheung Shing, Richard has been re-elected as independent non-executive Director (the "Re-election of Directors"). Details of the Re-election of Directors were set out in the announcement of the Company dated 16 May 2014.

DISCLOSURE OF ADDITIONAL INFORMATION

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 30 June 2014, 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

A. Long positions in Shares and underlying Shares

Name of Director	Number of Shares		Equity derivatives	Total	Percentage of issued share capital (Note 2)
	Personal Interest	Corporate interest			
Mr. So Chung ("Mr. So")	–	600,000,000 (Note 1)	–	600,000,000	75%

Notes:

- These Shares were registered in the name of Eagle Legend International Holdings Limited ("Eagle Legend International"), which is a wholly-owned subsidiary of Constant Success Holdings Limited ("Constant Success"). Constant Success was held as to 43% by Mr. So, through his 100% equity interest in Wonder Ocean International Holdings Limited ("Wonder Ocean"), 28.5% by Miss So Man through her 100% equity interest in Jiefei Limited ("Jiefei") and 28.5% by Miss So Wai through her 100% equity interest in Fei Teng Holdings Limited ("Fei Teng").
- The percentage is calculated on the basis of 800,000,000 Shares in issue as at 30 June 2014.

DISCLOSURE OF ADDITIONAL INFORMATION

B. Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Nature of interest	Number of share held	Percentage of issued share capital of the associated corporation
Mr. So	Eagle Legend International (Note)	Interest of controlled corporation	1	100%
Miss So Man	Eagle Legend International (Note)	Interest of controlled corporation	1	100%
Miss So Wai	Eagle Legend International (Note)	Interest of controlled corporation	1	100%

Note: Eagle Legend International is a wholly-owned subsidiary of Constant Success which was held as to 43% by Mr. So through his 100% equity interest in Wonder Ocean, 28.5% by Miss So Man through her 100% equity interest in Jiefei and 28.5% by Miss So Wai through her 100% equity interest in Fei Teng.

Save as disclosed above, as at 30 June 2014, 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 otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF ADDITIONAL INFORMATION

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

As at 30 June 2014, 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 shareholder	Number of Shares		Equity derivatives	Total	Percentage of issued Share capital (Note 3)
	Beneficial Interest	Corporate interest			
Eagle Legend International	600,000,000	–	–	600,000,000	75%
Constant Success	–	600,000,000 (Note 1)	–	600,000,000	75%
Wonder Ocean	–	600,000,000 (Note 2)	–	600,000,000	75%

Notes:

1. Constant Success is held as to 43% by Mr. So through his 100% equity interest in Wonder Ocean, 28.5% by Miss So Man through her 100% equity interests in Jiefei and 28.5% by Miss So Wai through her 100% equity interests in Fei Teng.
2. Wonder Ocean is wholly-owned by Mr. So.
3. The percentage is calculated on the basis of 800,000,000 Shares in issue as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, 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.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections "INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION" above, at no time during the six months ended 30 June 2014 was the Company or any of its holding companies, subsidiaries a party to any arrangement to enable the Directors or the chief executives 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.

SHARE OPTION SCHEME

On 25 June 2010, the Company adopted a share option scheme (the "Scheme") which complied with the requirements of Chapter 17 of the Listing Rules. During the six months ended 30 June 2014, no option was granted under the Scheme.

DISCLOSURE OF ADDITIONAL INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has, throughout the six months ended 30 June 2014, complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference on 25 June 2010. In order to comply with the relevant code provisions of the CG Code, the written terms of reference have been revised on 27 March 2012.

As at 30 June 2014, the members of the Audit Committee comprises Mr. Ho Gar Lok (as chairman) and Ms. Lo Miu Sheung Betty, both are the independent non-executive Directors, and Mr. Lam Woon Kun, the non-executive Director.

The unaudited interim results of the Group for the six months ended 30 June 2014 have been reviewed by the Audit Committee which is of the opinion that such report complied with the applicable accounting standards, the Listing Rules and other legal requirements and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPETING INTERESTS

During the six months ended 30 June 2014, none of the Directors, substantial shareholders or any of their respective associates (as defined in the Listing Rules) has any interest in a business which causes or may cause any significant competition with the business of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors. Having made specific enquiry, all Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2014.

By order of the Board
Eagle Legend Asia Limited
So Chung
Chairman

Hong Kong, 28 August 2014

As at the date of this report, the Board comprises Mr. So Chung, Miss So Man and Miss So Wai as executive Directors; Mr. Lam Woon Kun as non-executive Director; and Ms. Lo Miu Sheung Betty, Mr. Ho Gar Lok and Mr. Lam Cheung Shing, Richard as independent non-executive Directors.