

**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**  
**2017**

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# 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

Room 3607, 36/F  
China Resources Building  
26 Harbour Road  
Wan Chai, Hong Kong

## AUDITOR

BDO Limited

## WEBSITE

<http://www.elasialtd.com>

## STOCK CODE

936

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017

	Notes	Unaudited Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
Revenue	4	155,505	126,538
Cost of sales and services		(86,229)	(81,226)
<b>Gross profit</b>		<b>69,276</b>	<b>45,312</b>
Gain arising from changes in fair value less costs to sell of biological assets	12	44,806	–
Other income and gains	5	3,072	2,473
Selling and distribution expenses		(1,533)	(1,687)
Administrative expenses		(33,181)	(35,625)
Other operating expenses		(34,406)	(23,606)
Finance costs	6	(24,485)	(12,945)
<b>Profit/(loss) before income tax</b>	7	<b>23,549</b>	<b>(26,078)</b>
Income tax credit	8	466	259
<b>Profit/(loss) for the period</b>		<b>24,015</b>	<b>(25,819)</b>
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		3,678	4,214
<b>Total comprehensive income for the period</b>		<b>27,693</b>	<b>(21,605)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		(10,100)	(25,811)
Non-controlling interests		34,115	(8)
		24,015	(25,819)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(6,422)	(21,597)
Non-controlling interests		34,115	(8)
		27,693	(21,605)
<b>Loss per share</b>			
— Basic and diluted (HK cents)	10	(1.1)	(3.2)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	526,712	522,716
Payments for leasehold land held for own use under operating leases		19,331	19,603
Goodwill		75,036	75,036
Prepayment and deposits		6,320	2,016
		<b>627,399</b>	<b>619,371</b>
<b>Current assets</b>			
Biological assets	12	5,780	5,164
Inventories and consumables		59,981	52,695
Trade receivables	13	103,954	54,778
Prepayments, deposits and other receivables		15,118	20,584
Short-term investment		–	11,200
Tax recoverable		343	343
Cash and cash equivalents		70,150	198,456
		<b>255,326</b>	<b>343,220</b>
<b>Current liabilities</b>			
Trade and bill payables	14	68,235	65,110
Receipt in advance, accruals and other payables		110,202	150,707
Bank borrowings	15	24,081	23,942
Other loan payable		802	2,848
Bonds payable	16	58,495	–
Finance lease payables	17	33,575	38,214
Deferred government grants		1,080	1,080
		<b>296,470</b>	<b>281,901</b>
<b>Net current (liabilities)/assets</b>		<b>(41,144)</b>	<b>61,319</b>
<b>Total assets less current liabilities</b>		<b>586,255</b>	<b>680,690</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
<b>Non-current liabilities</b>			
Accruals and other payables		1,545	72,074
Bank borrowing	15	17,006	16,918
Other loans payables		1,501	2,303
Bonds payable	16	–	41,681
Promissory note payable		94,164	89,477
Finance lease payables	17	44,373	57,336
Deferred government grants		8,642	9,354
Deferred tax liabilities		13,484	13,700
		180,715	302,843
<b>Net assets</b>		405,540	377,847
<b>EQUITY</b>			
Share capital		9,600	9,600
Reserves		241,719	248,141
<b>Equity attributable to the owners of the Company</b>		251,319	257,741
Non-controlling interests		154,221	120,106
<b>Total equity</b>		405,540	377,847

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017

	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve 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 equity HK\$'000
Unaudited for the six months ended 30 June 2016										
At 1 January 2016	8,000	63,968	-	120,985	9,075	(44)	(60,296)	141,688	552	142,240
Loss for the period	-	-	-	-	-	-	(25,811)	(25,811)	(8)	(25,819)
Other comprehensive income for the period:										
Exchange differences arising on translating foreign operations	-	-	-	-	-	4,214	-	4,214	-	4,214
Total comprehensive income for the period	-	-	-	-	-	4,214	(25,811)	(21,597)	(8)	(21,605)
At 30 June 2016	8,000	63,968	-	120,985	9,075	4,170	(86,107)	120,091	544	120,635
Unaudited for the six months ended 30 June 2017										
At 1 January 2017	9,600	255,421	-	120,985	8,519	(4,629)	(132,155)	257,741	120,106	377,847
Profit/(loss) for the period	-	-	-	-	-	-	(10,100)	(10,100)	34,115	24,015
Other comprehensive income for the period:										
Transfer to statutory reserve	-	-	5,240	-	-	-	(5,240)	-	-	-
Exchange differences arising on translating foreign operations	-	-	-	-	-	3,678	-	3,678	-	3,678
Total comprehensive income for the period	-	-	5,240	-	-	3,678	(15,340)	(6,422)	34,115	27,693
At 30 June 2017	9,600	255,421	5,240	120,985	8,519	(951)	(147,495)	251,319	154,221	405,540

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	5,402	10,093
Interest paid	(2,983)	(3,543)
Income tax paid	–	(366)
<b>Net cash from operating activities</b>	<b>2,419</b>	<b>6,184</b>
<b>Cash flows from investing activities</b>		
Interest received	99	33
Deposit for possible acquisition of equity interests	–	(5,000)
Purchase of property, plant and equipment	(1,078)	(4,597)
Proceeds from disposal of property, plant and equipment	6	2
Payments for plantation costs and others to immature bearer plants	(8,148)	–
Proceeds from redemption of short-term investment	11,200	–
Settlement of cash portion of consideration of acquisition in prior year	(110,000)	–
<b>Net cash used in investing activities</b>	<b>(107,921)</b>	<b>(9,562)</b>
<b>Cash flows from financing activities</b>		
Proceeds from new finance leases	2,341	–
Repayment of obligations under finance leases	(23,436)	(9,554)
Proceeds from new bank borrowing	22,400	24,000
Repayment of bank borrowings	(23,200)	(24,775)
<b>Net cash used in financing activities</b>	<b>(21,895)</b>	<b>(10,329)</b>
Net decrease in cash and cash equivalents	(127,397)	(13,707)
Cash and cash equivalents at 1 January	198,456	84,346
Effect of exchange rates changes on cash and cash equivalents	(909)	(1,574)
<b>Cash and cash equivalents at 30 June</b>	<b>70,150</b>	<b>69,065</b>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 1. GENERAL INFORMATION AND BASIS OF 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 Room 3607, 36/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The Company and its subsidiaries (collectively known as the “Group”) are 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 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.

The condensed consolidated interim financial statements for the six months ended 30 June 2017 (the “Period”) have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

In preparing the condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group’s annual financial statements for the year ended 31 December 2016 (the “2016 Annual Financial Statements”). Apart from above, the following is the critical judgement that the directors of the Company (the “Directors”) have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements.

### Going concern consideration

The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the going concern assumption is set out in below.

At the end of reporting period, the Group’s current liabilities exceeded its current assets by approximately HK\$41,144,000. The Directors consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 30 June 2017, on the basis that (i) the net proceeds of approximately HK\$39,300,000 from the subsequent disposal of the entire issued share capital of Alpha Chance Limited (“Alpha Chance”) and its subsidiaries which have been loss making in recent years, and the shareholder’s loan due by Alpha Chance as detailed in the Company’s announcement dated 1 August 2017 and circular dated 22 August 2017 respectively; and (ii) an unconditional undertaking from the immediate holding company of the Company so as to enable the Group to meet its obligations and liabilities as and when they fall due and to continue its day-to-day business operations as a viable going concern notwithstanding any present or future financial difficulties for coming twelve months at least up to 30 June 2018. The Directors are of the opinion that, in the absence of unforeseen adverse circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting period. Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

The unaudited condensed consolidated interim financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2016 Annual Financial Statements.

These condensed consolidated interim financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA. BDO Limited’s independent review report to the board of Directors (the “Board”) is included on page 25.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 2. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared consistently in accordance with the accounting policies and methods of computation adopted in the 2016 Annual Financial Statements, except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations for annual periods beginning on or after 1 January 2017.

In the Period, the Group has adopted all the new and revised HKFRSs which are first effective for the reporting period and relevant to the Group. The adoption of these new and revised HKFRSs did not result in material changes to the Group's accounting policies and the Directors considered that the changes are not material to the Group's results of operations or financial position.

## 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 Special Administrative Region ("Hong Kong")
- Singapore
- Vietnam
- Macao Special Administrative Region ("Macau")
- The People's Republic of China, excluding Hong Kong, Macau and Taiwan (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 headquarters. 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 3. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below:

	Unaudited Six months ended 30 June 2017						Total HK\$'000
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Inter segment elimination HK\$'000	
Revenue							
From external customers	30,905	30,546	-	-	94,054	-	155,505
From inter segment	-	1,069	-	-	-	(1,069)	-
<b>Reportable segment revenue</b>	<b>30,905</b>	<b>31,615</b>	<b>-</b>	<b>-</b>	<b>94,054</b>	<b>(1,069)</b>	<b>155,505</b>
Reportable segment (loss)/profit	(3,991)	(6,486)	(22)	(12)	62,602	(57)	52,034
Interest on bonds payable							(16,815)
Interest on promissory note payable							(4,687)
Unallocated corporate expenses							(6,517)
<b>Profit for the period</b>							<b>24,015</b>
	Unaudited At 30 June 2017						
Reportable segment assets	142,388	198,053	59	207	522,805	(2,510)	861,002
Unallocated segment assets							21,723
<b>Total assets</b>							<b>882,725</b>
Reportable segment liabilities	56,821	88,780	264	112	108,020	-	253,997
Bonds payable							58,495
Promissory note payable							94,164
Other unallocated segment liabilities							70,529
<b>Total liabilities</b>							<b>477,185</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 3. SEGMENT INFORMATION (Continued)

	Unaudited Six months ended 30 June 2016						Total HK\$'000
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Inter segment elimination HK\$'000	
Revenue							
From external customers	41,914	57,046	–	360	27,218	–	126,538
From inter segment	2,121	1,397	–	–	–	(3,518)	–
<b>Reportable segment revenue</b>	<b>44,035</b>	<b>58,443</b>	<b>–</b>	<b>360</b>	<b>27,218</b>	<b>(3,518)</b>	<b>126,538</b>
Reportable segment (loss)/profit	(3,763)	33	(25)	(113)	(4,901)	(120)	(8,889)
Interest on bonds payable							(9,402)
Unallocated corporate expenses							(7,528)
<b>Loss for the period</b>							<b>(25,819)</b>
	Audited At 31 December 2016						
<b>Reportable segment assets</b>	<b>143,419</b>	<b>215,988</b>	<b>89</b>	<b>391</b>	<b>452,806</b>	<b>(2,511)</b>	<b>810,182</b>
Short-term investment							11,200
Other unallocated segment assets							141,209
<b>Total assets</b>							<b>962,591</b>
<b>Reportable segment liabilities</b>	<b>57,948</b>	<b>102,714</b>	<b>272</b>	<b>300</b>	<b>111,823</b>	<b>–</b>	<b>273,057</b>
Bonds payable							41,681
Promissory note payable							89,477
Other unallocated segment liabilities							180,529
<b>Total liabilities</b>							<b>584,744</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 4. REVENUE

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

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Sales of machinery	15,635	45,380
Sales of spare parts	3,172	2,983
Rental income from leasing of owned plant and machinery and those held under finance leases	27,739	37,100
Rental income from subleasing of plant and machinery	3,761	1,318
Service income	11,144	12,539
Sales of proprietary Chinese medicines and health products	28,109	27,218
Sales of dried exocarpium citri grandis	65,945	–
	155,505	126,538

## 5. OTHER INCOME AND GAINS

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Bank interest income	99	33
Compensation received	313	42
Gain on disposal of property, plant and equipment	–	1
Government grants		
— relating to unconditional subsidies	207	–
— for property, plant and equipment	712	–
Exchange gain, net	1,577	1,873
Others	164	524
	3,072	2,473

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 6. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Interest charges on financial liabilities stated at amortised cost:		
— Bank borrowings	1,058	1,292
— Bonds payable	16,815	9,402
— Finance lease payables	1,925	2,232
— Promissory note payable (Note)	4,687	–
— Trade payables	–	19
	<b>24,485</b>	<b>12,945</b>

Note: The promissory note with principal amount of HK\$110,000,000 is interest free and with maturity of two years after the issue date of promissory note on 23 December 2016. The interest charged on the promissory note was determined with the effective interest rate of 10.75% per annum.

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Profit/(loss) before income tax is arrived at after charging:		
Depreciation of property, plant and equipment		
— Owned assets	19,562	16,034
— Assets held under finance leases	7,185	8,092
Maintenance cost of mature bearer plants	7,967	–
Employee costs, included in cost of sales and services and administrative expenses		
— Wages, salaries and bonus	21,611	21,467
— Contribution to defined contribution plans	2,978	2,652
Write-down of inventories to net realisable value, included in cost of sales and services	562	735

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 8. INCOME TAX CREDIT

	Unaudited Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Deferred tax	466	259

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, Macau Complementary Tax and PRC Enterprise Income Tax ("EIT") have not been provided as the Group has no assessable profits for the periods.

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 EIT exemption on profit 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 EIT for the Period. For the six months ended 30 June 2016, the Group was not engaged in qualifying agricultural business in the PRC and accordingly the Group was not entitled to full exemption of EIT.

## 9. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the Period (2016: nil).

## 10. LOSS PER SHARE

The calculation of basic loss per share for the Period is based on the loss attributable to the owners of the Company of approximately HK\$10,100,000 (2016: approximately HK\$25,811,000), and on the weighted average number of 960,000,000 (2016: 800,000,000) ordinary shares in issue during the Period.

Diluted loss per share is the same as the basic loss per share because the Group has no dilutive potential ordinary shares during the Period (2016: nil).

## 11. CAPITAL EXPENDITURES

During the Period, the Group incurred capital expenditures of approximately HK\$1,078,000 and HK\$8,148,000 (2016: approximately HK\$16,545,000 and nil) which were mainly related to the additions of property, plant and equipment and payments for plantation costs and others to immature bearer plants respectively.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 12. BIOLOGICAL ASSETS

Biological assets represent exocarpium citri grandis growing on bearer plants ("Growing Produce"), harvested exocarpium citri grandis ("Fresh Fruits") and seedlings of exocarpium citri grandis ("Seedlings").

Biological assets are analysed as follows:

	Growing Produce HK\$'000	Fresh Fruits HK\$'000	Seedlings HK\$'000	Total HK\$'000
At 1 January 2016 (audited)	–	–	–	–
Acquired through business combination	–	–	5,164	5,164
At 31 December 2016 and 1 January 2017 (audited)	–	–	5,164	5,164
Increase due to feeding (plantation costs and others)	–	–	179	179
Gain arising from changes in fair value less costs to sell*	5,311	39,495	–	44,806
Transfer due to harvest	(4,874)	4,874	–	–
Transfer to inventories	–	(44,369)	–	(44,369)
At 30 June 2017 (unaudited)	437	–	5,343	5,780

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
* Included gain from change in fair value less costs to sell for biological assets held at the end of the reporting period	437	–

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

	Unaudited At 30 June 2017	Audited At 31 December 2016
Growing Produce (by unit)	258,048	–
Seedlings (by unit)	373,905	373,905



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 12. 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 Hong Kong Accounting Standard 41 "Agriculture" and "The International Valuation Standards (2017 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 Period, 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:

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Opening balance (level 3 recurring fair value)	5,164	–
Acquired through business combination	–	5,164
Increase due to feeding (plantation costs and others)	179	–
Gain arising from changes in fair value less costs to sell	44,806	–
Transfer to inventories	(44,369)	–
Closing balance (level 3 recurring fair value)	5,780	5,164

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 13. TRADE RECEIVABLES

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Trade receivables, gross	104,237	55,059
Less: Provision for impairment	(283)	(281)
Trade receivables, net	<b>103,954</b>	54,778

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 180 days or based on the terms agreed in the relevant 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 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
0–30 days	66,947	19,954
31–60 days	6,154	10,532
61–90 days	6,927	5,295
Over 90 days	23,926	18,997
	<b>103,954</b>	54,778

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 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 relevant purchase agreements.

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 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
0–30 days	24,451	34,759
31–60 days	10,037	6,767
61–90 days	2,202	2,284
Over 90 days	31,545	21,300
	68,235	65,110

## 15. BANK BORROWINGS

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Bank borrowings repayable:		
Within one year	24,081	23,942
More than one year, but not exceeding two years	1,794	1,645
More than two years, but not exceeding five years	6,136	5,626
More than five years	9,076	9,647
	41,087	40,860
Portion classified as current liabilities	(24,081)	(23,942)
	17,006	16,918

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 15. BANK BORROWINGS *(Continued)*

Bank borrowings were denominated in Singapore dollars (“S\$”) and Renminbi. A bank borrowing bore interest at a fixed interest rate with effective interest rate at 30 June 2017 at 4.75% (At 31 December 2016: 4.5%) per annum. The other bank borrowing bore interest at variable interest rates with effective interest rate at 6.5% (At 31 December 2016: 5.85%) per annum.

At 30 June 2017, bank borrowings of the Group were secured by buildings carried at cost of approximately HK\$64,040,000 (At 31 December 2016: approximately HK\$64,073,000) and payments for leasehold land held for own use under operating leases of the Group of approximately HK\$19,331,000 (At 31 December 2016: approximately HK\$19,603,000) and corporate guarantees executed by the Company and certain subsidiaries.

## 16. BONDS PAYABLE

At 1 January 2016, the bonds with a total principal amount of HK\$100,000,000 carried interest at a rate of 12% (At 31 December 2016: 18%) per annum, which were repayable on 30 November 2016.

The original repayment date of the bonds was on 11 June 2014. During the year ended 31 December 2016, 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 bond holders 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 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 the 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 that 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 with the Group’s accounting policies disclosed in the 2016 Annual Financial Statements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 17. FINANCE LEASE PAYABLES

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Total minimum lease payments:		
Due within one year	36,117	41,350
Due in the second to fifth years	46,612	60,373
	82,729	101,723
Future finance charges on finance leases	(4,781)	(6,173)
Present value of finance lease liabilities	77,948	95,550
Present value of minimum lease payments:		
Due within one year	33,575	38,214
Due in the second to fifth years	44,373	57,336
	77,948	95,550
Less: Portion classified as current liabilities	(33,575)	(38,214)
Non-current portion	44,373	57,336

The Group has entered into finance leases for items of plant and machinery. The average lease term is 3 to 5 years (At 31 December 2016: 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 weighted average effective interest rates at 30 June 2017 ranging from 2.1% to 8.6% (At 31 December 2016: ranging from 1.5% to 7.0%) per annum. The other finance lease payables bore interest at variable interest rates with weighted average effective interest rates ranging from 3.5% to 4.8% (At 31 December 2016: ranging from 3.1% to 5.8%) per annum.

At 30 June 2017, certain finance lease payables of the Group were secured by land and building carried at fair value of approximately HK\$9,740,000 (At 31 December 2016: approximately HK\$9,898,000) 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 of repayment by the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 18. 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:

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Within one year	17,923	90,801
In the second to fifth years, inclusive	1,085	4,304
	<b>19,008</b>	<b>95,105</b>

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

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Within one year	6,083	388
In the second to fifth years, inclusive	6,530	1,326
	<b>12,613</b>	<b>1,714</b>

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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 18. COMMITMENTS (Continued)

### (b) Operating lease commitment — as lessee

The total future minimum lease payments of the Group in respect of plant and machinery, the six parcels of woodlands with a total area of 2,151.36 mu in the PRC (the "Woodlands") in which plantations are suited, the land located in Singapore and properties under non-cancellable operating leases are as follows:

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Within one year	4,303	3,927
In the second to fifth years, inclusive	2,949	4,788
After five years	562	586
	<b>7,814</b>	<b>9,301</b>

The lease payments in respect of plant and equipment 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

	Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Acquisition of property, plant and equipment — contracted but not provided for	16,947	7,770
	<b>16,947</b>	<b>7,770</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 19. KEY MANAGEMENT PERSONNEL COMPENSATION

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Directors and other members of key management		
Short-term employee benefits	2,812	2,641
Post employment benefits	45	45
	2,857	2,686

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### 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 2017 and 31 December 2016.

## 21. OUTSTANDING CLAIM

On 5 June 2017, a supplier (the "Supplier") of the Group initiated a legal proceeding in Singapore in respect of an alleged breach of contract for supply of tower crane accessories on the part of the Group. The Supplier claimed the Group for outstanding rental payable balances of approximately S\$55,000 (equivalent to approximately HK\$313,000) and losses and damages of approximately S\$73,000 (equivalent to approximately HK\$415,000) resulting from the alleged breach of contract (the "Dispute"). Meanwhile, the Group had filed a counterclaim for the loss of income of approximately S\$42,000 (equivalent to approximately HK\$239,000) as a result of the termination of contract.

On 16 June 2017, the Group offered to settle the Dispute by payment of a sum of S\$56,000 (equivalent to approximately HK\$319,000), interest on such sum at the rate of 5.33% per annum from 5 June 2017 until actual settlement and costs and reasonable disbursements to be agreed or taxed. As at the date of this report, the Supplier has yet to accept the settlement offer.

Having considered, among other things, the advice of the Group's Singapore legal adviser and the amount of claim involved in the Dispute, the Directors are of the view that the Dispute does not have a material adverse impact on the financial position and operations of the Group.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2017

## 22. EVENT AFTER REPORTING DATE

On 1 August 2017, the Company and an independent third party (the "Purchaser") entered into a sales and purchase agreement, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the entire issued share capital of Alpha Chance and all debts, liabilities or obligations owed or incurred by Alpha Chance to the Company on or at any time prior to completion date of the disposal, whether actual or contingent and irrespective of whether the same is due and payable on completion of the disposal at an aggregate cash consideration of HK\$40 million. Alpha Chance and its subsidiaries are principally engaged in the manufacturing and sale of proprietary Chinese medicines and health products in the PRC. Completion of the disposal took place on 15 August 2017 that the Company ceased to hold any interest in Alpha Chance and Alpha Chance ceased to be a subsidiary of the Company. The Directors are still in the process of estimating the financial effect arising from the disposal.

Details of the above transaction were disclosed in the Company's announcement and circular dated 1 August 2017 and 22 August 2017 respectively.

## 23. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for six months ended 30 June 2017 were approved and authorised for issue by the Board on 28 August 2017.

# INDEPENDENT REVIEW REPORT



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To the Board of Directors of Eagle Legend Asia Limited 鵬程亞洲有限公司  
(incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 3 to 24 which comprise the condensed consolidated statement of financial position of Eagle Legend Asia Limited and its subsidiaries as of 30 June 2017 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of 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.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited  
Certified Public Accountants  
Lo Ngai Hang  
Practising Certificate Number P04743

Hong Kong, 28 August 2017

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM DIVIDEND

The board (the "Board") of directors (the "Directors") of Eagle Legend Asia Limited (the "Company") does not declare the payment of an interim dividend in respect of the six months ended 30 June 2017 (the "Period").

## OVERALL GROUP RESULTS

For the Period, the Company and its subsidiaries (collectively, the "Group") generated revenue of approximately HK\$155.5 million (six months ended 30 June 2016: approximately HK\$126.5 million) with a profit for the Period of approximately HK\$24.0 million (six months ended 30 June 2016: loss of approximately HK\$25.8 million) and loss for the Period attributable to the owners of the Company of approximately HK\$10.1 million (six months ended 30 June 2016: approximately HK\$25.8 million).

The increase in the revenue for the Period was mainly attributable to recognition of sales of dried exocarpium citri grandis, partly set off by the decrease of sales of machinery, rental income from leasing of machinery and service income.

Revenue from sales of dried exocarpium citri grandis of approximately HK\$65.9 million was recorded for the Period.

Revenue from sales of machinery of approximately HK\$15.6 million was recorded for the Period, representing a decrease of approximately 66% over the amount we achieved in the six months ended 30 June 2016. This was due to the decrease in demands of both new and used cranes during in Hong Kong and Singapore.

Our rental income decreased to approximately HK\$31.5 million for the Period, representing a decrease of approximately 18% as compared with approximately HK\$38.4 million for the six months ended 30 June 2016. This was due to the decrease in both demand and average monthly rental rates of cranes in Hong Kong and Singapore.

Sales of spare parts of approximately HK\$3.2 million was recorded for the Period, representing an increase of approximately 6% over the amount recorded for the same period in 2016. The increase was mainly due to the change in market demand of spare parts for the machinery. Service income was recorded at approximately HK\$11.1 million for the Period, approximately 11% lower than that of approximately HK\$12.5 million for the same period in 2016. This was due to the decrease in demand for repair and maintenance service during the Period.

Revenue from sales of proprietary Chinese medicines and health products of approximately HK\$28.1 million was recorded for the Period, representing an increase of approximately HK\$0.9 million over the amount recorded in the six months ended 30 June 2016.

Overall, the Group incurred total administrative and other operating expenses of approximately HK\$67.6 million for the Period, representing an increase of approximately 14% over the amount incurred in the six months ended 30 June 2016.

Loss per share for the Period was HK1.1 cents (six months ended 30 June 2016: HK3.2 cents).

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

Regarding the Group's business in cultivation, research, processing and sale of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, the People's Republic of China (the "PRC"), the Group will continue to 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 the 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, 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 廣東大合生物科技股份有限公司 (for identification purpose, in English, Guangdong Dahe Biological Technologies Limited), a subsidiary of the Company, 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.

Regarding the Group's construction equipment business, the Group anticipates that it will continue to be challenging in the second half of 2017 as a result of the continuous decrease in average rental rate based on the latest market activities.

The outlook of the tower crane business is still weak which can be explained by the severe business environment and the downward trend in tender price. According to a recent report published by the Building & Construction Authority in Singapore surveying business expectation of the construction sector for the second half of 2017, contractors remain bearish on project profitability and 69% of them expect that tender prices will continue to fall in the next six months resulting from the continuous intense competition in the sector. As of March 2017, the tender price index fell further to 96.7 compared to 98 in December 2016. As a matter of fact, this has fallen from the peak of 106.8 in 2014 on a consecutive basis over the past few years. Our average rental rates are in line with this index trend in general.

In view of this situation in Singapore, the Group has adopted a prudent fleet strategy to maintain our competitiveness and to improve asset returns. To improve the fleet's returns on investment, we have accelerated the disposal of the aged tower cranes when overseas demand is still firm and the relevant gain from sale is satisfactory. On the other hand, we have slowed down our capex commitment with a view to preserving our average returns on investment.

While the situation in Hong Kong is similarly challenging, it appears that the slope of the rental rate trend is flattened. Demand for tower crane remains strong due to the sustainable housing projects in both the public and private sectors. However, supply of tower crane is also abundant therefore leading to rental rate pressure. As a result, our Hong Kong operation will adopt a similar asset strategy as in Singapore while the Group will invest prudently when opportunity arises.

Looking ahead, the Group will continue to monetize from the sale of used tower cranes in order to crystallize the previous investment in our tower crane fleet and adopt a prudent and cautious approach in our tower cranes investment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUBSEQUENT EVENT AFTER REPORTING PERIOD

The Company entered into a sale and purchase agreement (the “Agreement”) dated 1 August 2017 with an independent third party (the “Purchaser”) to sell to the Purchaser the entire issued share capital of Alpha Chance Limited (“Alpha Chance”), a then wholly-owned subsidiary of the Company, and all debts, liabilities or obligations owed or incurred by Alpha Chance to the Company on or at any time prior to completion of the disposal (the “Completion”) at an aggregate cash consideration of HK\$40 million. Alpha Chance and its subsidiaries are principally engaged in the manufacturing and sale of proprietary Chinese medicines and health products in the PRC. Completion took place on 15 August 2017. Further details have been disclosed in the Company’s announcement and circular dated 1 August 2017 and 22 August 2017 respectively.

## FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2017, the Group had cash and cash equivalents of approximately HK\$70.2 million (At 31 December 2016: approximately HK\$198.5 million).

As at 30 June 2017, the Group had total assets amounted to approximately HK\$882.7 million, representing a decrease of approximately HK\$79.9 million over that of 31 December 2016.

The Group’s gearing ratio as at 30 June 2017 was 0.7 (At 31 December 2016: 0.7), which was calculated on the basis by dividing total debts (sum of bonds payable, bank borrowings, other loans payable, promissory note payable and finance lease payables) by the total equity as at the respective dates.

During the Period and as at 30 June 2017, 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, and cultivation, research, processing and sales of exocarpium citri grandis and its seedlings 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 2017, the Group had net current liabilities of approximately HK\$41.1 million (At 31 December 2016: net current assets of approximately HK\$61.3 million).

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 arrangements are charged by reference to prevailing market rates.

The debts (including bonds payable, bank borrowings, other loans payables, promissory note payable and finance lease payables) of the Group were denominated in HK\$, US\$, S\$ and RMB, of which approximately HK\$117.0 million is repayable within one year after 30 June 2017 (At 31 December 2016: approximately HK\$65.0 million) and approximately HK\$157.0 million is repayable more than one year (At 31 December 2016: approximately HK\$207.7 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

As at 30 June 2017, the Company's share capital comprised 960,000,000 issued ordinary shares of 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, a subsidiary of the Company, held on 10 January 2013, the board of management resolved to liquidate the company (the "Liquidation"). As at the date of this report, the Liquidation has not yet been completed.

## MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARY

During the Period, the Group had no material acquisition or disposal of subsidiary.

## PLEDGE OF GROUP ASSETS AND CONTINGENT LIABILITIES

At 30 June 2017, the Group's banking facilities were 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 an aggregate carrying amount of approximately HK\$93.1 million (At 31 December 2016: approximately HK\$93.6 million). The bonds of HK\$100 million were secured by the equity interests of certain subsidiaries.

As at 30 June 2017, the Group had no significant contingent liabilities (At 31 December 2016: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 294 (At 31 December 2016: 306) employees in Hong Kong, Singapore, Vietnam and the PRC. 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.

# 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 CORPORATIONS

As at 30 June 2017, 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 corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (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 of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (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	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 Investments Limited ("Harbour Luck") which was wholly and beneficially owned by Mr. Zeng, an executive Director and the chairman of the Board.
2. The percentage is calculated on the basis of 960,000,000 Shares in issue as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, 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 corporations (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 2017, 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 of the Company	Nature of interests/ Holding capacity	Number of Shares (long position)	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 30 June 2017.

Save as disclosed above, as at 30 June 2017, there were no other persons who or corporations which 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

At no time during the Period 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.



# DISCLOSURE OF ADDITIONAL INFORMATION

## 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 contribution to, and continuing efforts to promote the interest of, the Group. The eligible participants includes (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) 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 of the Company (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 with the substantial shareholders of the Company, independent non-executive Directors and their respective associates being subject to 0.1% of the number of Shares in issue and a total value of HK\$5 million of the Shares.
- (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.

# DISCLOSURE OF ADDITIONAL INFORMATION

## SHARE OPTION SCHEME *(Continued)*

- (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.

As at 30 June 2017 and the date of this report, there were no outstanding share options granted under the Old Scheme.

No share options have been granted under the Share Option Scheme since its adoption, and therefore, as at the date of this report, there were no outstanding share options granted under the Share Option Scheme and no share options were exercised and cancelled or lapsed during the Period.

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.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has, throughout the Period, 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 had been revised on 27 March 2012 and were further revised on 31 December 2015 and 22 March 2017.

As at 30 June 2017, the members of the Audit Committee comprises three independent non-executive Directors, namely Mr. Wan Tze Fan Terence (as chairman), Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris.

## REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters, including the review of the unaudited condensed consolidated interim financial statements for the Period under review, with the management and external auditor.

The external auditor has reviewed the unaudited condensed consolidated interim financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

# DISCLOSURE OF ADDITIONAL INFORMATION

## COMPETING INTERESTS

During the Period, 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 caused or might 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. Following the specific enquiries made by the Company on all the Directors, each of the Directors confirmed that he/she had complied with the required standards set out in the Model Code during the Period.

By order of the Board  
**Eagle Legend Asia Limited**  
**Zeng Li**  
*Chairman*

Hong Kong, 28 August 2017

*As at the date of this report, the Board comprises Mr. Zeng Li (Chairman), Mr. Winerthan Chiu and Mr. Chan Ka Lun as executive Directors; and Mr. Wan Tze Fan Terence, Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris as independent non-executive Directors.*