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EAGLE LEGEND ASIA

EAGLE LEGEND ASIA LIMITED

鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL AND OPERATION HIGHLIGHTS

For the year ended 31 December 2013

- Affected by the projected contraction of crane demand in our Singapore segment, competitive rental rates provided by new competitors from China, rapid rising costs of operation and shortage of construction labour which will in turn escalate the costs of maintaining workforce, the Group expects the years ahead will be challenging in its crane business.
- Revenue for the year was HK\$291.0 million (2012: HK\$201.1 million).
- Profit for the year was HK\$8.9 million (2012: loss for the year of HK\$2.0 million).
- The Group had net current liabilities and total liabilities of HK\$44.9 million and HK\$567.0 million respectively as at 31 December 2013. In view of the capital intensive nature of the Group's crane business, the Group will exercise its best effort to formulate appropriate strategy in reducing its gearing for ensuring its healthy financial position.
- Basic earnings per share was HK1.2 cents. The Board do not recommend the payment of any dividends for the year.

The board (the “Board”) of directors (the “Director(s)”) of Eagle Legend Asia Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2013 together with the comparative figures in 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Revenue	5	290,972	201,104
Cost of sales and services		(155,717)	(95,572)
Gross profit		135,255	105,532
Other income	6	13,186	7,646
Selling and distribution expenses		(4,687)	(4,833)
Administrative expenses		(63,458)	(53,449)
Operating expenses		(45,813)	(39,767)
Finance costs	7	(22,987)	(15,687)
Profit/(loss) before income tax	8	11,496	(558)
Income tax expense	9	(2,559)	(1,399)
Profit/(loss) for the year		8,937	(1,957)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties held for own use, net of tax		1,226	1,444
Items that may be reclassified subsequently to profit or loss:			
Loss on revaluation of available-for-sale investments		(91)	–
Exchange differences on translating foreign operations		(930)	4,813
Other comprehensive income for the year		205	6,257
Total comprehensive income for the year		9,142	4,300
Profit/(loss) for the year attributable to:			
— Owners of the Company		9,254	(1,677)
— Non-controlling interests		(317)	(280)
		8,937	(1,957)
Total comprehensive income attributable to:			
— Owners of the Company		9,459	4,580
— Non-controlling interests		(317)	(280)
		9,142	4,300
Earnings/(loss) per share			
— Basic and diluted (HK cents)	11	1.2	(0.2)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		415,877	365,113
Payments for leasehold land held for own use under operating leases		24,268	–
Available-for-sale investments		2,846	–
		<u>442,991</u>	<u>365,113</u>
Current assets			
Inventories and consumables		43,859	27,887
Trade receivables	12	83,009	48,817
Prepayments, deposits and other receivables		54,154	12,808
Financial assets at fair value through profit or loss		1,038	–
Pledged bank deposits		–	3,514
Cash and cash equivalents		149,100	125,699
		<u>331,160</u>	<u>218,725</u>
Non-current asset held for sale			
Available-for-sale investment		–	580
		<u>331,160</u>	<u>219,305</u>
Current liabilities			
Trade and bill payables	13	66,387	48,619
Receipt in advance, accruals and other payables		69,516	41,187
Amount due to immediate holding company		–	5
Bank borrowings		52,285	16,965
Bonds payable		100,000	–
Promissory notes payable		37,920	–
Finance lease payables		49,875	40,685
Provision for tax		91	419
		<u>376,074</u>	<u>147,880</u>
Net current (liabilities)/assets		<u>(44,914)</u>	<u>71,425</u>
Total assets less current liabilities		<u>398,077</u>	<u>436,538</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2013*

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current liabilities		
Bank borrowings	24,356	27,822
Bonds payable	–	100,000
Finance lease payables	110,224	103,335
Other payables	35,351	–
Deferred tax liabilities	20,974	7,351
	<hr/> 190,905	<hr/> 238,508
Net assets	<hr/> 207,172	<hr/> 198,030
EQUITY		
Share capital	8,000	8,000
Reserves	198,482	189,023
	<hr/> 206,482	<hr/> 197,023
Equity attributable to the Company's owners	206,482	197,023
Non-controlling interests	690	1,007
	<hr/> 207,172	<hr/> 198,030
Total equity	<hr/> 207,172	<hr/> 198,030

Notes:

1. GENERAL

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 Group is 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 medicines 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. 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 consider the ultimate holding company of the Company is Constant Success Holdings Limited, a private limited company incorporated in the BVI.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

The financial statements have been prepared under the historical cost basis except for land and building carried at fair value, available-for-sale investments and financial assets at fair value through profit or loss (“FVTPL”), which are measured at fair values.

The consolidated financial statements have been prepared on a going concern basis despite the Group had net current liabilities of approximately HK\$44,914,000 as at 31 December 2013.

The Directors are confident that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2013, 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 consolidated financial statements for the year ended 31 December 2013 on a going concern basis notwithstanding the net current liabilities position of the Group.

If the going concern basis is not appropriate, adjustments would have to be made to reduce the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs — effective 1 January 2013

The Hong Kong Institute of Certified Public Accountants has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period.

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

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

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRSs	Annual Improvement to HKFRSs 2010–2012 Cycle ³
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011–2013 Cycle ²
HKFRS 9	Financial Instruments

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. Among them HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

HKFRS 9 — Financial Instruments

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

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

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Information regarding the Group's reportable segments as provided to the executive Directors is set out below:

	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	The People's Republic of China (the "PRC") HK\$'000	Inter segment elimination HK\$'000	Total HK\$'000
Year ended 31 December 2013							
Revenue							
From external customers	70,073	193,707	1,150	16,952	9,090	-	290,972
From inter segment	10,103	9,270	-	-	-	(19,373)	-
Reportable segment revenue	80,176	202,977	1,150	16,952	9,090	(19,373)	290,972
Reportable segment profit/(loss)	19,164	9,485	(1,376)	434	36	(119)	27,624
Interest on bonds payable							(13,502)
Unallocated corporate expenses							(5,185)
Profit for the year							8,937

	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Inter segment elimination HK\$'000	Total HK\$'000
Other reportable segment information							
Interest income	1,032	1	10	-	-	-	1,043
Interest expenses	(2,032)	(7,130)	(4)	-	(319)	-	(9,485)
Amortisation on payments for leasehold land held for own use under operating leases	-	-	-	-	(52)	-	(52)
Depreciation of non-financial assets	(13,266)	(32,076)	(211)	-	(386)	-	(45,939)
Impairment loss on trade receivables, net	-	(467)	(267)	-	-	-	(734)
Loss on disposal of property, plant and equipment	-	(33)	-	-	(342)	-	(375)
Income tax expense	(234)	(1,921)	-	(32)	(372)	-	(2,559)
Gain on a bargain purchase on acquisition of a subsidiary	7,597	-	-	-	-	-	7,597
Additions to non-current segment assets during the year	49,559	27,949	-	-	605	(8,391)	69,722
At 31 December 2013							
Reportable segment assets	173,280	353,958	254	7,986	165,663	(1,723)	699,418
Unallocated segment assets							74,733
Total assets							<u>774,151</u>
Reportable segment liabilities	76,830	207,516	124	4,694	119,534	-	408,698
Bonds payable							100,000
Promissory notes payable							37,920
Other unallocated segment liabilities							<u>20,361</u>
Total liabilities							<u>566,979</u>

	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	Inter segment elimination HK\$'000	Total HK\$'000
Year ended 31 December 2012						
Revenue						
From external customers	39,847	158,510	507	2,240	–	201,104
From inter segment	–	8,600	–	–	(8,600)	–
Reportable segment revenue	<u>39,847</u>	<u>167,110</u>	<u>507</u>	<u>2,240</u>	<u>(8,600)</u>	<u>201,104</u>
Reportable segment profit/(loss)	(2,833)	14,204	(2,082)	297	(1,321)	8,265
Interest on bonds payable						(6,859)
Unallocated corporate expenses						(3,363)
Loss for the year						<u>(1,957)</u>
Other reportable segment information						
Interest income	668	6	34	–	–	708
Interest expenses	(1,069)	(7,758)	(1)	–	–	(8,828)
Depreciation of non-financial assets	(8,311)	(31,002)	(454)	–	–	(39,767)
Impairment loss on trade receivables	–	(2,007)	(16)	–	–	(2,023)
Gain on disposal of property, plant and equipment	85	–	134	–	(61)	158
Income tax (expense)/credit	815	(2,214)	–	–	–	(1,399)
Additions to non-current segment assets during the year	24,439	98,494	–	–	(6,983)	115,950
At 31 December 2012						
Reportable segment assets	122,140	360,535	3,213	4,864	(2,915)	487,837
Unallocated segment assets						96,581
Total assets						<u>584,418</u>
Reportable segment liabilities	58,025	218,244	235	3,065	(41)	279,528
Bonds payable						100,000
Other unallocated segment liabilities						6,860
Total liabilities						<u>386,388</u>

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

Revenue from external customers

	Hong Kong (domicile) HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Sri Lanka HK\$'000	Korea HK\$'000	Thailand HK\$'000	Indonesia HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 December 2013	<u>70,693</u>	<u>170,802</u>	<u>2,501</u>	<u>16,953</u>	<u>9,019</u>	<u>3,339</u>	<u>12,440</u>	<u>-</u>	<u>4,014</u>	<u>1,211</u>	<u>290,972</u>
Year ended 31 December 2012	<u>45,266</u>	<u>146,200</u>	<u>516</u>	<u>3,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,842</u>	<u>-</u>	<u>1,983</u>	<u>201,104</u>

Non-current assets

	Hong Kong (domicile) HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	PRC HK\$'000	Total HK\$'000
At 31 December 2013	<u>109,730</u>	<u>256,183</u>	<u>-</u>	<u>74,232</u>	<u>440,145</u>
At 31 December 2012	<u>79,731</u>	<u>283,735</u>	<u>1,647</u>	<u>-</u>	<u>365,113</u>

The Group's revenue from external customers for different products and services is set out in note 5.

Information about a major customer

There was no single customer that contributed to 10% or more of the Group's revenue for the year ended 31 December 2013.

Revenue from one customer of the Group's Singapore segment amounted to approximately HK\$20,964,000, which represented over 10% of the Group's revenue for the year ended 31 December 2012.

5. REVENUE

The Group's principal activities are trading of construction machinery and spare parts, leasing of the construction machinery, providing repair and maintenance of 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 year is as follows:

	2013 HK\$'000	2012 HK\$'000
Sales of machinery	89,114	47,358
Sales of spare parts	11,415	6,958
Rental income from leasing of owned plant and machinery and those held under finance leases	125,660	101,645
Rental income from subleasing of plant and machinery	22,468	22,529
Service income	33,225	22,614
Sales of proprietary Chinese medicines and health products	9,090	-
	<u>290,972</u>	<u>201,104</u>

6. OTHER INCOME

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Bank interest income	1,043	708
Compensation received	1,082	440
Dividend income	69	177
Net foreign exchange gain	–	5,120
Gain on disposal of property, plant and equipment	–	158
Commission income	78	410
Fair value gain of financial assets at FVTPL	43	–
Gain on disposal of an available-for-sale investment	1,272	–
Government subsidies (<i>Note</i>)	640	–
Gain on a bargain purchase on acquisition of a subsidiary	7,597	–
Recovery of bad debts	443	–
Others	919	633
	<u>13,186</u>	<u>7,646</u>

Note: Government subsidies comprised unconditional cash subsidies from government for subsidising the Group's research and development activities in respect of proprietary Chinese medicines and health products.

7. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest charges on financial liabilities stated at amortised cost:		
— Trust receipt loans wholly repayable within five years	678	391
— Bank borrowings wholly repayable within five years (<i>Note</i>)	429	490
— Bank borrowings not wholly repayable within five years	1,421	841
— Bonds wholly repayable within five years	13,502	6,859
— Finance lease payables wholly repayable within five years	6,868	6,414
— Trade payables	89	692
	<u>22,987</u>	<u>15,687</u>

Note: The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause in accordance with the agreed scheduled repayments dates set out in the loan agreements. The interest on bank borrowings which includes a repayment on demand clause amounted to approximately HK\$106,000 (2012: HK\$145,000).

8. PROFIT/(LOSS) BEFORE INCOME TAX

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit/(loss) before income tax is arrived at after charging/(crediting):		
Auditor's remuneration		
— Current year	892	692
— Underprovision in respect of prior year	54	13
Cost of inventories recognised as an expense	86,976	47,358
Depreciation of property, plant and equipment		
— Owned assets	20,542	19,408
— Assets held under finance leases	25,397	20,359
Amortisation of payments for leasehold land held for own use under operating leases	52	—
Impairment loss on trade receivables, net	734	2,023
Impairment loss on other receivables	921	—
Allowance for impairment of inventories	562	—
Loss/(gain) on disposal of property, plant and equipment	375	(158)
Operating lease charges in respect of land and buildings	3,535	2,372
Provision for legal claim	3,323	—
Staff costs (including Directors' remuneration)		
— Wages, salaries and bonuses	30,563	29,091
— Contribution to defined contribution pension plans	3,712	2,432
Recovery of bad debts	(443)	—
Net foreign exchange loss/(gain)	281	(5,120)
Net rental income from subletting of plant and machinery	(7,796)	(5,224)

9. INCOME TAX EXPENSE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax — Singapore		
— Current year	50	419
— Overprovision in respect of prior years	(165)	—
	(115)	419
Current tax — PRC		
— Current year	372	—
Current tax — Macau		
— Current year	32	—
Deferred tax		
— Current year	2,270	980
Total income tax expense	2,559	1,399

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 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 during the year.

Singapore profits tax has been provided for the year at a tax rate of 17% (2012: 17%) on the estimated assessable profits.

Macau Complementary Tax has been provided for the year at a tax rate of 12% on the estimated assessable profits. No provision for Macau Complementary Tax had been provided for the year ended 31 December 2012 as the Group had no assessable profits.

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

10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2013 (2012: nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$9,254,000 (2012: loss of approximately HK\$1,677,000) and on the weighted average number of 800,000,000 (2012: 800,000,000) ordinary shares in issue during the year.

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share because the Group has no dilutive potential shares during the year (2012: nil).

12. TRADE RECEIVABLES

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

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0–30 days	30,631	9,473
31–60 days	23,660	14,280
61–90 days	16,869	12,631
Over 90 days	11,849	12,433
	<hr/> 83,009 <hr/>	<hr/> 48,817 <hr/>

13. TRADE AND BILL PAYABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	65,966	24,639
Bill payables	421	23,980
	<u>66,387</u>	<u>48,619</u>

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in the relevant purchase agreements. At 31 December 2013, trade payables of approximately HK\$24,393,000 (2012: HK\$6,694,000) were interest-bearing at 5.5% per annum (2012: 5.5% per annum).

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0–30 days	35,051	35,809
31–60 days	11,625	6,669
61–90 days	11,804	2,963
Over 90 days	7,907	3,178
	<u>66,387</u>	<u>48,619</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2013, the Group generated revenue of approximately HK\$291.0 million (2012: approximately HK\$201.1 million) with a profit for the year of approximately HK\$8.9 million (2012: loss for the year of approximately HK\$2.0 million).

Business Review

For the year ended 31 December 2013, the Group recorded a revenue of approximately HK\$291.0 million against approximately HK\$201.1 million achieved in the previous year.

The increase in the revenue for the year under review was mainly attributable to both a higher level of sales of machinery and an increase in rental and ancillary services in both Hong Kong and Singapore.

Revenue from sales of machinery of approximately HK\$89.1 million was recorded for the year under review representing a growth of 88% over the amount we achieved in 2012. This was due to the sales of both new and used cranes during the process of fleet review.

Our rental business increased to approximately HK\$148.1 million for the year ended 31 December 2013, representing an increase of approximately 19% higher than approximately HK\$124.2 million for 2012, due to the growth in the construction sectors in both Hong Kong and Singapore during 2013. Based on our fleet strategy, we have been systematically replacing our old cranes with new cranes that better suit the market demand. A total of 20 new cranes that yield higher rental income were added in 2013. While the overall fleet utilisation rate of the Group has remained relatively stable, the major factor that contributes to the growth in the gross rental revenue was the increase in our average monthly rental rate per crane due to the introduction of new cranes.

The sales of spare parts and service income recorded revenue of approximately HK\$44.6 million for the year, approximately 51% higher than that of approximately HK\$29.6 million for the same period in 2012. The demand for service and spare parts increased in line with the growing demand in the Group's machinery sales and rental activities.

During the year under review, the Group acquired the entire interest in 江西半邊天藥業有限公司 (for identification purpose, in English, Jiangxi Newomen Pharmaceutical Co., Ltd.) (“Newomen”), a domestic enterprise that manufactures proprietary Chinese medicines in Jiangxi, the PRC. Newomen had sales in proprietary Chinese medicines for approximately HK\$50.3 million for the year. Newomen owns a land site area of 162,173 square meters with a total gross floor area of 29,480 square meters, where its manufacturing facilities, office building, and staff dormitory are situated. It has 161 full time employees and owns 39 drug licenses issued by the China Food and Drug Administration. It manufactures a wide range of products carrying the brand name of “Newomen” (半邊天). Its product portfolio includes 阿膠益壽口服液, 複方烏雞口服液, 乳寧丸, 十二烏雞白鳳丸, etc., specialising in gynecological products. 複方烏雞口服液 and 乳寧丸 are granted patents for their formulations (獨家劑型) in the form of oral solution and pellets respectively and 乳寧丸 is a National Medical Insurance Catalogue product (國家醫保目錄品種).

One major event during the year ended 2013 was the transformation and upgrading of manufacturing practice to meet the new Good Manufacturing Practice for Pharmaceutical Products (“GMP”) accreditation standard. The new GMP accreditation standard resembles that established by the European Union. Not only does it increase substantially the investment in fixed assets, but also requires a standardised approach on record keeping procedures, staff training, etc. By the end of the period, about 40% of the sterile pharmaceutical enterprises in China failed to pass the GMP license renewal under the new standard. As at the date of this announcement, Newomen has successfully passed the new GMP accreditation and is the first one in Ji’an, Jiangxi to obtain the certificate.

Dividend

The Directors do not recommend the payment of any dividends for the year ended 31 December 2013.

Financial review

Results for the Year

As detailed in the section headed “Business Review” above, the Group’s overall revenue increased in the year under review as compared to last year. As a result of the increased revenue and other income, the Group recorded a mediocre profit for the year of approximately HK\$8.9 million compared to loss for the year of approximately HK\$2.0 million in 2012.

For the year ended 31 December 2013, the Group’s other income amounted to approximately HK\$13.2 million, representing an increase of 72% compared to that of 2012. The increase was attributable to the recognition of gain on disposal of an available-for-sale investment and gain on a bargain purchase on acquisition of a subsidiary during the year.

Due to the expansion of the Group’s existing operating scale and acquisition of Newomen, the Group’s property, plant and equipment increased to approximately HK\$415.9 million, representing an increase of 14% compared to that of 2012, and the number of its employees increased to 265 in the year 2013. Accordingly, the depreciation charges and staff costs for the current year increased by approximately HK\$6.2 million and HK\$2.8 million respectively, as compared to the amounts for the previous year.

The Group's finance costs amounted to approximately HK\$23.0 million for the year ended 31 December 2013, representing an increase of 47% compared to that of 2012. The increase was attributable to the increase in recognition of imputed interest of bonds of approximately HK\$6.6 million during the year.

Liquidity and Financial Resources

The Group held cash and cash equivalents of approximately HK\$149.1 million (2012: approximately HK\$125.7 million). The total equity of the Group maintained stable at approximately HK\$207.2 million as at 2013 financial year end (2012: approximately HK\$198.0 million).

As at 31 December 2013, the Group had net current liabilities of approximately HK\$44.9 million (2012: net current assets of approximately HK\$71.4 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 crane business, the Group will also consider appropriate steps to reduce its gearing for ensuring its healthy financial position.

Capital Structure

As at 31 December 2013, the Company's total issued shares was 800,000,000 at HK\$0.01 each. There was no change in the share capital of the Company during the year.

Investment Position and Planning

During the year under review, the Group spent approximately HK\$69.7 million for acquisition of plant and equipment (2012: approximately HK\$116.0 million).

On 29 November 2013, the Group acquired 100% equity interest in 江西半邊天藥業有限公司 (for identification purpose, in English, Jiangxi Newomen Pharmaceutical Co., Ltd.).

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

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

On 25 January 2013, an indirect wholly-owned subsidiary of the Company entered into the sale and purchase agreement with an independent third party to dispose its 15% equity interest in 深圳能科達機械工程有限公司 (for identification purpose, in English, Shenzhen Nectar Engineering & Equipment Co., Ltd.).

Gearing

The Group monitors capital using a gearing ratio, which is total debts (sum of bonds payable, promissory notes payable, bank borrowings and finance lease payables) divided by total equity. The gearing ratio was 1.8 as at 31 December 2013 (2012: 1.5). The increase in gearing ratio is mainly resulted from the increase in finance lease payables of approximately HK\$16.1 million principally for acquisition of plant and equipment for developing the Group's business and the issuance of promissory notes of approximately HK\$37.9 million for acquisition of Newwomen in the current year.

Pledge of Assets

The Group's banking facilities were secured by the assets of the Group, including land and building carried at fair value, buildings carried at cost and payments for leasehold land held for own use under operating leases, with aggregated carrying amounts of approximately HK\$119.3 million (2012: bank deposits, land and building carried at fair value, buildings carried at cost and plant and machinery, with aggregated carrying amounts of approximately HK\$78.2 million). The bonds of HK\$100 million were secured by the equity interest of certain subsidiaries.

Exchange Rate Exposure

As at 31 December 2013, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore is primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. Revenue and purchases in our manufacturing and sales of proprietary Chinese medicines and health products in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and PRC operations.

Treasury Policies

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

Contingent Liabilities

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

Commitments

The Group had capital commitments, which are contracted but not provided for, in respect of purchase of plant and machinery amounting to approximately HK\$11.8 million as at 31 December 2013 (2012: approximately HK\$1.1 million).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2013, the Group had a total of 265 (2012: 111) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

FUTURE PROSPECTS

Notwithstanding the positive industry outlook in Hong Kong for the year 2014, the years ahead will be challenging for the Group.

Based on the data and forecast published by the Building and Construction Authority in Singapore, it is projected that the construction sector in Singapore will maintain a modest growth in the next few years. It is forecasted that the public sector will be awarding S\$19–22 billion worth of construction contracts in 2014 largely due to demand for institutional developments and major infrastructural projects. Thereafter, the annual construction contract value will be reduced to S\$14–18 billion which is similar to the 2013 level. Notwithstanding this projected stability in the public sector construction projects in future years, the private sector construction contract volume, however, is projected to contract abruptly by up to 40% from the 2013 value of S\$21 billion to the range of S\$12–16 billion in 2014. As quite a number of our customers own projects in the private sector development market, we expect that the 2014 demand for cranes in Singapore will be very challenging.

Our Hong Kong business should continue to sustain on a rising demand for construction work. Based on the Hong Kong Development Bureau statistics, the total gross value of construction works performed by main contractors in the first nine months of 2013 increased by 10% over the same period of 2012 with public sector the major contribution to the growth. With a solid pipeline of new construction projects still yet to be awarded in Hong Kong, the healthy outlook of the construction market in Hong Kong looks set continue.

While the overall economic factors are relatively favorable to our performance, we shall equip ourselves properly to face the industrial challenges ahead.

While one of the key growth drivers in 2013 was the sales of cranes, we expect that the pressure on sales of cranes in Singapore will rise due to the projected contraction of construction work in the private sector. In Hong Kong, we will also face challenges to convince customers to buy cranes comparing to a crane rental option due to the trend of demanding for higher capacity cranes that costs substantially higher for them to procure than to rent. On the rental revenue side, despite the continuous growth of demand for cranes is expected, the market is also flooded with new competitors from China with very competitive rental rates and up-to-date models for customers' selection.

The rising cost of doing business is also a threat to our bottom line. In both Hong Kong and Singapore, we are facing shortage of labour to perform the necessary technical and maintenance services due to general shortage of construction labour and particularly the altitude requirement of the work place. This general shortage of construction labour causes not only an inelastic labour supply pool but also the escalation of the cost of keeping the workforce.

Scarce storage space in Hong Kong is another issue we have to face with potential rent hike upon renewal.

Though the macro-economic outlook is favourable with hidden challenges, the Group shall exercise its best effort to formulate appropriate strategy for maintaining the growth momentum in the future, including investment in properties in the PRC and/or Hong Kong.

On the other hand, the Group will continue to strengthen and support Newwomen's business operation and explore further opportunities by diversifying its product line. In addition to Chinese medicines, we hope to tap into the vast market of health products (保健品) by investing in research and development. Currently we have invested in 3 health products that are under the efficacy reviewing process.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance will not only improve management accountability and investor confidence, but also will lay a good foundation for the long term development of the Company. Therefore, the Company will strive to develop and implement effective corporate governance practices and procedures.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2013.

Full details on the Company's corporate governance practices are set out in the Company's 2013 Annual Report.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 25 June 2010 with written terms of reference in order to comply with the CG Code. Currently, the Audit Committee comprises Mr. Lam Woon Kun, the non-executive Director, Ms. Lo Miu Sheung Betty and Mr. Ho Gar Lok (chairman of the Audit Committee), both are independent non-executive Directors.

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

The Audit Committee has reviewed with the management of the Company the annual results for the year ended 31 December 2013 including the accounting principles and practices adopted by the Group and the internal control and financial reporting matters.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of this announcement of the Group's result for the year ended 31 December 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this announcement.

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

Hong Kong, 26 March 2014

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