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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

HIGHLIGHTS

For the six months ended 30 June 2014

Prospects of the construction equipment business is worrying:

- segment profit of Hong Kong market down by 39%; and
- segment profit of Singapore market down by 25%.

Net results attributable to the owners of the Company for the six months ended:

- 30 June 2014: Loss of HK\$3.0 million;
- 30 June 2013: Profit of HK\$3.4 million.

The board (the “Board”) of directors (the “Directors”) of Eagle Legend Asia Limited (the “Company”) announces the unaudited consolidated statement of comprehensive income of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014 (the “Period”) and the unaudited consolidated statement of financial position of the Group as at 30 June 2014 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 30 June 2014*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. GENERAL INFORMATION AND BASIS OF PRESENTATION AND PREPARATION

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 medicine and health products.

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

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

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

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

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

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

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

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

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

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are determined following the Group’s operating locations.

The Group has identified the following reportable segments:

- Hong Kong
- Singapore
- Vietnam
- Macau
- The People’s Republic of China (the “PRC”)

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

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

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 2014					Inter segment elimination	Total
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	HK\$'000	HK\$'000
Revenue							
From external customers	43,106	86,983	-	6,810	23,075	-	159,974
From inter segment	6,787	505	-	-	-	(7,292)	-
Reportable segment revenue	49,893	87,488	-	6,810	23,075	(7,292)	159,974
Reportable segment profit/(loss)	4,956	3,295	(69)	322	169	(82)	8,591
Interest on bonds							(7,405)
Unallocated corporate expenses							(4,204)
Loss for the period							(3,018)
	Unaudited At 30 June 2014						
Reportable segment assets	181,457	354,170	173	4,719	157,723	(1,800)	696,442
Unallocated segment assets							49,067
Total assets							745,509
Reportable segment liabilities	88,214	203,877	112	2,909	112,506	-	407,618
Bonds payable							100,000
Other unallocated segment liabilities							34,141
Total liabilities							541,759

Unaudited
Six months ended 30 June 2013

	Hong Kong <i>HK\$'000</i>	Singapore <i>HK\$'000</i>	Vietnam <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Inter segment elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue							
From external customers	38,396	74,311	108	7,115	–	–	119,930
From inter segment	<u>264</u>	<u>3,164</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,428)</u>	<u>–</u>
Reportable segment revenue	<u><u>38,660</u></u>	<u><u>77,475</u></u>	<u><u>108</u></u>	<u><u>7,115</u></u>	<u><u>–</u></u>	<u><u>(3,428)</u></u>	<u><u>119,930</u></u>
Reportable segment profit/(loss)	8,134	4,382	(442)	12	–	(217)	11,869
Interest on bonds							(6,574)
Unallocated corporate expenses							<u>(2,013)</u>
Profit for the period							<u><u>3,282</u></u>

Audited
At 31 December 2013

Reportable segment assets	173,280	353,958	254	7,986	165,663	(1,723)	699,418
Unallocated segment assets							<u>74,733</u>
Total assets							<u><u>774,151</u></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><u>566,979</u></u>

4. REVENUE

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

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

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

5. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Bank interest income	883	416
Commission income	61	25
Compensation received	329	–
Dividend income	75	–
Gain on disposal of investment (Note 12)	–	1,272
Gain on disposal of property, plant and equipment	83	–
Government subsidies (Note)	523	–
Recovery of impairment of doubtful trade receivables	–	678
Others	403	435
	<u>2,357</u>	<u>2,826</u>

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

6. FINANCE COSTS

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

7. (LOSS)/PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before income tax is arrived at after charging:		
Depreciation of property, plant and equipment		
— Owned assets	7,736	8,685
— Assets held under finance lease	17,426	14,026
Loss on disposal of property, plant and equipment	—	6
Staff costs		
— Wages, salaries and bonus	17,980	14,953
— Contribution to defined contribution pension plans	1,967	1,858
	<u>19,703</u>	<u>14,528</u>

8. INCOME TAX EXPENSE

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

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

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

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

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

9. DIVIDEND

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

10. (LOSS)/EARNINGS PER SHARE

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

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

11. TRADE RECEIVABLES

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

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

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

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

12. NON-CURRENT ASSET HELD FOR SALE

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

13. TRADE AND BILL PAYABLES

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

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

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group Results

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

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

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

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

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

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

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

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

Outlook

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

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

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

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

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

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

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

Subsequent Event after the Reporting Period

There were no significant events occurred after the reporting date.

Financial Resources and Liquidity

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

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

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

During the Period and as at 30 June 2014, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore is primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers are usually denominated in Euro or United States dollar. Revenue and purchases in our manufacturing and sales of proprietary Chinese medicines and health products in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and PRC operations.

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

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

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

Capital Structure

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

Investment Position and Planning

Pursuant to the resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited dated 10 January 2013, the board of management resolved to liquidate the company. As at the date of this announcement, the liquidation has not yet been completed.

Material Acquisition or Disposal of Subsidiary

Proposed very substantial disposal of construction equipment business

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

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

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

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

Pledge of Group Assets and Contingent Liabilities

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

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

Employees and Remuneration Policies

As at 30 June 2014, the Group had 266 (At 31 December 2013: 265) employees in Hong Kong, Singapore, Vietnam and the PRC, of which 96 employees belong to the construction equipment business and 162 employees belong to the pharmaceutical business. The Group has not had any significant problem with its employee or disruption due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff, except that there is a severe shortage of skilled labour in the construction equipment business. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

AUDIT COMMITTEE

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

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

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

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

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

COMPETING INTERESTS

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry, all Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2014.

PUBLICATION OF 2014 INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company at www.elasialtd.com and the Stock Exchange at www.hkexnews.hk. The 2014 interim report, containing all the information required by Appendix 16 to the Listing Rules, will be despatched to the shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 28 August 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; and Ms. Lo Miu Sheung Betty, Mr. Ho Gar Lok and Mr. Lam Cheung Shing, Richard as independent non-executive Directors.