



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)

2016
Interim Report

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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 2016

	Notes	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Revenue	4	126,538	130,889
Cost of sales and services		(81,226)	(73,223)
Gross profit		45,312	57,666
Other income and gains	5	2,473	1,584
Selling and distribution expenses		(1,687)	(2,046)
Administrative expenses		(35,625)	(32,389)
Operating expenses		(23,606)	(24,299)
Finance costs	6	(12,945)	(13,462)
Loss before income tax	7	(26,078)	(12,946)
Income tax credit/(expense)	8	259	(121)
Loss for the period		(25,819)	(13,067)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		4,214	(1,757)
Total comprehensive income for the period		(21,605)	(14,824)
Loss for the period attributable to:			
Owners of the Company		(25,811)	(13,049)
Non-controlling interests		(8)	(18)
		(25,819)	(13,067)
Total comprehensive income attributable to:			
Owners of the Company		(21,597)	(14,806)
Non-controlling interests		(8)	(18)
		(21,605)	(14,824)
Loss per share			
— Basic and diluted (HK cents)	10	(3.2)	(1.6)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	Unaudited At 30 June 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	336,944	350,005
Deposit	12	5,000	–
Payments for leasehold land held for own use under operating leases		21,295	21,586
		363,239	371,591
Current assets			
Inventories and consumables		42,769	43,705
Trade receivables	13	60,419	56,221
Prepayments, deposits and other receivables		42,749	37,237
Tax recoverable		330	–
Cash and cash equivalents		69,065	84,346
		215,332	221,509
Current liabilities			
Trade and bill payables	14	63,207	77,508
Receipt in advance, accruals and other payables		101,428	86,289
Bank borrowings	15	43,961	43,884
Bonds payable	16	100,000	100,000
Finance lease payables	17	44,588	41,768
Provision for tax		–	36
		353,184	349,485
Net current liabilities		(137,852)	(127,976)
Total assets less current liabilities		225,387	243,615
Non-current liabilities			
Bank borrowings	15	18,982	18,799
Finance lease payables	17	58,517	55,397
Other payables		9,142	9,142
Deferred tax liabilities		18,111	18,037
		104,752	101,375
Net assets		120,635	142,240

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Unaudited At 30 June 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
EQUITY		
Share capital	8,000	8,000
Reserves	112,091	133,688
Equity attributable to the Company's owners	120,091	141,688
Non-controlling interests	544	552
Total equity	120,635	142,240

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Equity attributable to the owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Unaudited for the six months ended 30 June 2015									
At 1 January 2015	8,000	63,968	120,985	8,030	7,738	(18,504)	190,217	586	190,803
Loss for the period	-	-	-	-	-	(13,049)	(13,049)	(18)	(13,067)
Other comprehensive income for the period:									
Exchange differences on translating foreign operations	-	-	-	-	(1,757)	-	(1,757)	-	(1,757)
Total comprehensive income for the period	-	-	-	-	(1,757)	(13,049)	(14,806)	(18)	(14,824)
At 30 June 2015 (unaudited)	8,000	63,968	120,985	8,030	5,981	(31,553)	175,411	568	175,979
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 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 (unaudited)	8,000	63,968	120,985	9,075	4,170	(86,107)	120,091	544	120,635

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2016

	Notes	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities			
Cash generated from operations		10,093	26,538
Interest paid		(3,543)	(5,118)
Income tax paid		(366)	–
Net cash from operating activities		6,184	21,420
Cash flows from investing activities			
Interest received		33	537
Deposit for possible acquisition of equity interests	12	(5,000)	–
Purchase of property, plant and equipment		(4,597)	(9,005)
Proceeds from disposal of property, plant and equipment		2	5,357
Net cash used in investing activities		(9,562)	(3,111)
Cash flows from financing activities			
Repayment of obligations under finance leases		(9,554)	(28,538)
Proceeds from new bank borrowings		24,000	24,000
Repayment of bank borrowings		(24,775)	(24,768)
Net cash used in financing activities		(10,329)	(29,306)
Net decrease in cash and cash equivalents		(13,707)	(10,997)
Cash and cash equivalents at 1 January		84,346	111,613
Effect of exchange rates changes on cash and cash equivalents		(1,574)	1,393
Cash and cash equivalents at 30 June		69,065	102,009

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

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 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. The immediate holding company 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 2016 have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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").

During the period, the Group has incurred a loss of approximately HK\$25,819,000 and at the end of reporting period, its current liabilities exceeded its current assets by approximately HK\$137,852,000. The directors of the Company ("Directors") consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 30 June 2016, on the basis that (a) an unconditional undertaking from the ultimate controlling party so as to enable the Group to meet their obligations and liabilities as and when they fall due and to continue their 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 2017; (b) subsequent to the reporting date, the Group has completed placing of shares with net proceeds of approximately HK\$193,067,000 (note 22) in July 2016, for providing additional general working capital for the Group's operations; and (c) the Group has loan facility of approximately HK\$175,000,000 (note 20) from an independent third party as a liquidity cushion for cash flows, of which the loan facility is available to draw down on or before 31 December 2016. 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 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 Group's annual financial statements for the year ended 31 December 2015.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

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 2015 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, HKAS and Interpretations for annual periods beginning on 1 January 2016.

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

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

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

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

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 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)	–
Reportable segment revenue	44,035	58,443	–	360	27,218	(3,518)	126,538
Reportable segment profit/(loss)	(3,763)	33	(25)	(113)	(4,901)	(120)	(8,889)
Interest on bonds payable							(9,402)
Unallocated corporate expenses							(7,528)
Loss for the period							(25,819)
	Unaudited At 30 June 2016						
Reportable segment assets	144,742	267,320	72	1,087	151,541	(2,545)	562,217
Unallocated segment assets							16,354
Total assets							578,571
Reportable segment liabilities	49,256	133,352	300	363	112,472	(36)	295,707
Bonds payable							100,000
Other unallocated segment liabilities							62,229
Total liabilities							457,936

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

3. SEGMENT INFORMATION (Continued)

	Unaudited						Total
	Six months ended 30 June 2015						
	Hong Kong	Singapore	Vietnam	Macau	PRC	Inter segment elimination	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue							
From external customers	28,788	70,612	–	3,516	27,973	–	130,889
From inter segment	543	–	–	–	–	(543)	–
Reportable segment revenue	29,331	70,612	–	3,516	27,973	(543)	130,889
Reportable segment profit/(loss)	(1,245)	(1,897)	(53)	640	644	(284)	(2,195)
Interest on bonds payable							(8,344)
Unallocated corporate expenses							(2,528)
Loss for the period							(13,067)
	Audited						Total
	At 31 December 2015						
Reportable segment assets	147,983	268,399	61	805	147,715	(2,428)	562,535
Unallocated segment assets							30,565
Total assets							593,100
Reportable segment liabilities	55,790	137,880	309	309	103,745	–	298,033
Bonds payable							100,000
Other unallocated segment liabilities							52,827
Total liabilities							450,860

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

4. REVENUE

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Sales of machinery	45,380	31,393
Sales of spare parts	2,983	1,982
Rental income from leasing of owned plant and machinery and those held under finance leases	37,100	52,771
Rental income from subleasing of plant and machinery	1,318	685
Service income	12,539	16,085
Sales of proprietary Chinese medicines and health products	27,218	27,973
	126,538	130,889

5. OTHER INCOME AND GAINS

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Bank interest income	33	37
Other interest income	–	500
Compensation received	42	415
Gain on disposal of property, plant and equipment	1	82
Exchange gain, net	1,873	104
Others	524	446
	2,473	1,584

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

6. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Interest charges on financial liabilities stated at amortised cost:		
— Bank borrowings	1,292	2,077
— Bonds payable	9,402	8,344
— Finance lease payables	2,232	2,834
— Trade payables	19	207
	12,945	13,462

7. LOSS BEFORE INCOME TAX

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Loss before income tax is arrived at after charging:		
Depreciation of property, plant and equipment		
— Owned assets	16,034	11,633
— Assets held under finance leases	8,092	13,503
Employee costs, included in cost of sales and services and administrative expenses		
— Wages, salaries and bonus	21,467	21,218
— Contribution to defined contribution plans	2,652	1,959
Write-down of inventories to net realisable value, included in cost of sales and services	735	—

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

8. INCOME TAX (CREDIT)/EXPENSE

	Unaudited	
	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current tax — Hong Kong		
— Tax for the period	—	18
Current tax — PRC		
— Tax for the period	—	594
Current tax — Macau		
— Tax for the period	—	46
Current tax — Singapore		
— Over provision in respect of prior years	—	(261)
Deferred tax	(259)	(276)
Total income tax (credit)/expense	(259)	121

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.

No provision for Hong Kong profits tax has been provided as the Group has no assessable profits for the period. Hong Kong profits tax had been provided for the six months ended 30 June 2015 at a tax rate of 16.5% on the estimated assessable profits.

No provision for PRC Enterprise Income Tax has been provided as the Group has no assessable profits for the period. PRC Enterprise Income Tax had been provided for the six months ended 30 June 2015 at a tax rate of 25% on the estimated assessable profits.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

8. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

No provision for Macau Complementary Tax has been provided as the Group has no assessable profits for the period. Macau Complementary Tax had been provided for the six months ended 30 June 2015 at a tax rate of 12% on the estimated assessable profits.

No provision for Singapore profits tax has been provided as the Group has no assessable profits for the period. Singapore profits tax had been provided for the six months ended 30 June 2015 at a tax rate of 17% on the estimated assessable profits.

No provision for Vietnam profits tax has been provided as the Group has no assessable profits for the six months ended 30 June 2016 (2015: Nil).

9. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the period (2015: 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\$25,811,000 (2015: approximately HK\$13,049,000), and on the weighted average number of 800,000,000 (2015: 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 (2015: Nil).

11. CAPITAL EXPENDITURES

During the period, the Group incurred capital expenditures of approximately HK\$16,545,000 (2015: approximately HK\$11,485,000) which were mainly related to the additions of property, plant and equipment.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

12. DEPOSIT

On 13 June 2016, the Group had entered into a memorandum of understanding (the "MOU") with an individual (the "Vendor"), who is a third party independent of the Company and its connected persons, in respect of a possible acquisition (the "Possible Acquisition") of 51% equity interest in Best Earnest Investments Limited (the "Target"). The principal asset of the Target is an indirect 80% equity interest in a company which is principally engaged in the cultivation, research, processing and sale of Chinese herbal medicines in the PRC.

Pursuant to the MOU, an exclusivity period of 180 days from the date of the MOU (or such later date as agreed by the Group and the Vendor) was granted by the Vendor to the Group for the negotiations of the Possible Acquisition. In view of the exclusivity granted by the Vendor, the Group had paid the earnest money in the amount of HK\$5,000,000 to the Vendor upon the signing of the MOU. Further details of the MOU were set out in the announcement of the Company dated 13 June 2016.

13. TRADE RECEIVABLES

	Unaudited At 30 June 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
Trade receivables, gross	62,068	57,801
Less: Provision for impairment	(1,649)	(1,580)
Trade receivables, net	60,419	56,221

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

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

13. TRADE RECEIVABLES (Continued)

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 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
0–30 days	18,876	10,780
31–60 days	5,571	13,155
61–90 days	9,134	8,237
91–365 days	26,838	24,049
	60,419	56,221

14. TRADE AND BILL PAYABLES

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in purchase agreements. At 30 June 2016, certain trade payables of approximately HK\$3,035,000 were interest-bearing at 5.5% per annum (At 31 December 2015: Nil).

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 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
0–30 days	35,657	34,685
31–60 days	4,268	9,756
61–90 days	4,653	18,504
Over 90 days	18,629	14,563
	63,207	77,508

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

15. BANK BORROWINGS

	Unaudited At 30 June 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
Bank borrowings repayable:		
Within one year	43,961	43,884
More than one year, but not exceeding two years	1,708	1,616
More than two years, but not exceeding five years	5,841	5,455
More than five years	11,433	11,728
	62,943	62,683
Portion classified as current liabilities	(43,961)	(43,884)
	18,982	18,799

Bank borrowings were denominated in Singapore dollars and Renminbi. Certain bank borrowings bore interest at fixed interest rates with effective interest rates at 30 June 2016 at 6.1% (At 31 December 2015: 6.3%) per annum. The other bank borrowings bore interest at variable interest rates with effective interest rates at 5% (At 31 December 2015: 5.3%) per annum.

At 30 June 2016, bank borrowings of the Group were secured by buildings carried at cost of approximately HK\$70,779,000 (At 31 December 2015: approximately HK\$70,890,000) and payments for leasehold land held for own use under operating leases of the Group of approximately HK\$21,295,000 (At 31 December 2015: approximately HK\$21,586,000) and corporate guarantees executed by the Company and certain subsidiaries.

16. BONDS PAYABLE

The bonds carry interest at a rate of 12% (At 31 December 2015: 12%) per annum, which were repayable on 30 November 2016 and secured by the equity interest of certain subsidiaries of the Group.

The original maturity date of the bonds was on 11 June 2014. The Group obtained consents from all bond holders to extend the maturity date of the bonds from June 2014 to November 2016.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

17. FINANCE LEASE PAYABLES

	Unaudited At 30 June 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
Total minimum lease payments:		
Due within one year	47,858	44,886
Due in the second to fifth years	61,361	57,822
	109,219	102,708
Future finance charges on finance leases	(6,114)	(5,543)
Present value of finance lease liabilities	103,105	97,165
Present value of minimum lease payments:		
Due within one year	44,588	41,768
Due in the second to fifth years	58,517	55,397
	103,105	97,165
Less: Portion classified as current liabilities	(44,588)	(41,768)
Non-current portion	58,517	55,397

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 2015: 3 to 5 years). At the end of the lease term, the Group has the option to purchase the leased equipment at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease for it to be reasonably certain, at the inception of the lease, that the option will be exercised.

Certain finance lease payables bore interest at fixed interest rates with effective interest rates at 30 June 2016 ranged from 1.5% to 7.0% (At 31 December 2015: ranged from 1.5% to 7.0%) per annum. The other finance lease payables bore interest at variable interest rates with effective interest rates ranged from 3.4% to 4.5% (At 31 December 2015: ranged from 3.1% to 5.3%) per annum.

At 30 June 2016, certain finance lease payables of the Group were secured by land and building carried at fair value of approximately HK\$10,334,000 (At 31 December 2015: approximately HK\$10,498,000) 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 INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

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 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
Within one year	33,762	35,938
In the second to fifth years, inclusive	3,640	4,623
	37,402	40,561

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

	Unaudited At 30 June 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
Within one year	243	396
In the second to fifth years, inclusive	–	1,584
	243	1,980

The Group leases its plant and machinery under operating leases arrangements which run for an initial period of one to two years (At 31 December 2015: 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 INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

18. COMMITMENTS (Continued)

(b) Operating lease commitment — as lessee

The total future minimum lease payments of the Group in respect of plant and machinery, and properties under non-cancellable operating leases are as follows:

	Unaudited At 30 June 2016 HK\$'000	Audited At 31 December 2015 HK\$'000
Within one year	2,030	3,426

The leases run for a period of one to two years (At 31 December 2015: one to two years). All rentals are fixed over the lease terms and do not include contingent rentals.

19. KEY MANAGEMENT PERSONNEL COMPENSATION

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Directors and other members of key management		
Short-term employee benefits	2,641	2,696
Post employment benefits	45	47
	2,686	2,743

20. LOAN FACILITY

During the period, the Company has obtained a loan facility of HK\$175,000,000 from an independent third party (the "Lender") which bears interest at the rate of 12% per annum and is available for drawdown on or before 31 December 2016. The loan facility, if drawn, will be due for repayment on 30 April 2017, or such other date as agreed in writing between the Company and the Lender. The loan facility is secured by the debenture incorporating fixed and floating charge over the undertaking, property and assets of the Company executed by the Company in favour of the Lender. As at 30 June 2016, the Group has not yet utilised the loan facility.

NOTES TO THE INTERIM FINANCIAL REPORT

for the six months ended 30 June 2016

21. 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 2016 and 31 December 2015.

22. EVENT AFTER REPORTING PERIOD

Subsequent to the reporting date, the Company has fulfilled all conditions set out in the placing agreement entered into on 23 June 2016 (the "Placing Agreement"). Following the completion of the placing took place on 15 July 2016 in accordance with the terms of the Placing Agreement, the issued share capital of the Company was increased from 800,000,000 ordinary shares to 960,000,000 ordinary shares by placing of 160,000,000 ordinary shares. The total net proceeds from the placement of new shares amounted to approximately HK\$193,067,000. The details of the Placing Agreement and the results of the completion of placing were set out in the announcement of the Company dated 15 July 2016.

23. APPROVAL OF THE INTERIM FINANCIAL REPORT

The condensed consolidated interim financial statements for six months ended 30 June 2016 were approved and authorised for issue by the board of Directors on 25 August 2016.

INDEPENDENT REVIEW REPORT



Tel : +852 2218 8288
Fax : +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

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 22 which comprise the condensed consolidated statement of financial position of Eagle Legend Asia Limited and its subsidiaries as of 30 June 2016 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of 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 condensed consolidated interim financial statements 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 of the Company 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" ("HKSRE 2410") issued by the HKICPA. A review of these condensed consolidated interim financial statements 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.

INDEPENDENT REVIEW REPORT

OTHER MATTER

The comparative condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2015, and the relevant explanatory notes included in these condensed consolidated interim financial statements have not been reviewed in accordance with HKSRE 2410.

BDO Limited
Certified Public Accountants

Hong Kong, 25 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The board of directors (the “Board” or the “Directors”) of Eagle Legend Asia Limited (the “Company”) does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2016 (the “Period”).

OVERALL GROUP RESULTS

For the Period, the Company and its subsidiaries (collectively, the “Group”) generated revenue of approximately HK\$126.5 million (six months ended 30 June 2015: approximately HK\$130.9 million) with a loss for the Period of approximately HK\$25.8 million (six months ended 30 June 2015: approximately HK\$13.1 million).

The decrease in the revenue for the Period was mainly attributable to decrease of rental income from leasing of machinery and service income.

Revenue from sales of machinery of approximately HK\$45.4 million was recorded for the Period, representing an increase of approximately 45% over the amount we achieved in the six months ended 30 June 2015. This was due to the increase in demands of both new and used cranes during in Hong Kong and Singapore.

Our rental income decreased to approximately HK\$38.4 million for the Period, representing a decrease of approximately 28% as compared with approximately HK\$53.5 million for the six months ended 30 June 2015. This was due to the decrease in both demand and average monthly rental rates of cranes in Hong Kong and Singapore.

The sales of spare parts and service income recorded revenue of approximately HK\$15.5 million for the Period, approximately 14% lower than that of approximately HK\$18.1 million for the same period in 2015. This was due to the decrease in demand of repair and maintenance services in respect of the construction machinery in Hong Kong and Singapore.

Revenue from sales of proprietary Chinese medicines and health products of approximately HK\$27.2 million was recorded for the Period, representing a decrease of approximately HK\$0.8 million over the amount recorded in the six months ended 30 June 2015.

Overall, the Group incurred total administrative and operating expenses of approximately HK\$59.2 million for the Period, representing an increase of approximately 4% over the amount incurred in the six months ended 30 June 2015.

Loss per share for the Period was HK3.2 cents (six months ended 30 June 2015: HK1.6 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Group anticipates that the construction equipment businesses in both Singapore and Hong Kong may maintain their competitiveness for the rest of 2016. This is mainly due to the relatively healthy demand side progression as well as the improved competitiveness of our operations in both cities.

The overall Singapore economy grew by 1.8% on a year-on-year basis in the first quarter of 2016 which was supported by a healthy construction sector GDP growth of 6.2%. Comparing to the two preceding quarters, the construction demand growth in the first quarter of 2016 was driven by the entire public sector, notwithstanding the fact that such growth was offset by the decrease in the private sector construction demand. This has helped to maintain reasonable momentum for construction related businesses in Singapore. The construction demand for 2016 was previously forecasted to be between S\$27 billions to S\$34 billion. As of May 2016, the actual construction spending was S\$13 billion. Based on this gap, the outlook for the second half of 2016 appears optimistic and there is room for growing demand for construction work in the second half of 2016.

The Hong Kong construction sector has been stable since the beginning of 2016. In the first quarter, a total of 14,358 units of residential flats were approved to start construction in which 7,562 units were public housing flats. As the government had promised to build 22,900 public housing units in the 2016/17 fiscal year under the Public Housing Construction Program, the outlook for the second half of 2016 appears promising.

On the supply side of tower cranes, the competition is still severe. However, based on our recent tender experience in both locations, it seems that the reduction in tower crane rental rate has been stabilized in the first half of 2016.

We will continue to strengthen our tower crane fleet portfolio. In the first half of 2016, we disposed of a numbers of tower cranes that were aged or of lower lifting capacity that did not meet the market requirement. We will continue to procure new and heavier lifting tower cranes that make our fleet younger and more capable of heavier lifting to meet the current market demand.

The launch of GJJ passenger hoists sale and rental business in Hong Kong has been satisfactory. The bundling of tower cranes and passenger hoists as a sale or rental tactic appears to be effective from both business and company's brand awareness point of view. Customers are receptive to this idea and this should help us penetrate into the passenger hoist rental market more smoothly.

Looking ahead, the Group will continue to exercise its best effort to formulate appropriate strategy in supporting its existing businesses and seek opportunities actively in diversifying its existing business as well as broadening its income base.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING DATE

Subsequent to the reporting date, the Company has fulfilled all conditions set out in the placing agreement entered into on 23 June 2016 (the "Placing Agreement"). Following the completion of the placing took place on 15 July 2016 in accordance with the terms of the Placing Agreement, the issued share capital of the Company was increased from 800,000,000 ordinary shares to 960,000,000 ordinary shares by placing of 160,000,000 ordinary shares. The total net proceeds from the placement of new shares amounted to approximately HK\$193,067,000. The details of the Placing Agreement and the results of the completion of placing were set out in the announcement of the Company dated 15 July 2016.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$69.1 million (At 31 December 2015: approximately HK\$84.3 million).

As at 30 June 2016, the Group had total assets of approximately HK\$578.6 million, representing a decrease of approximately HK\$14.5 million over that of 31 December 2015.

The Group's gearing ratio as at 30 June 2016 was 2.2 (At 31 December 2015: 1.8), which was calculated on the basis by dividing total debts (sum of bonds payable, bank borrowings and finance lease payables) with the total equity as at the respective dates.

During the Period and as at 30 June 2016, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar ("HK\$"). 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 ("US\$"). Revenue and purchases in our manufacturing and sales of proprietary Chinese medicines and health products in the PRC are denominated in Renminbi ("RMB"). 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 2016, the Group had net current liabilities of approximately HK\$137.9 million (At 31 December 2015: approximately HK\$128.0 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 arrangement are charged by reference to prevailing market rates.

The debts (including bank borrowings, bonds payable and finance lease payables) of the Group were denominated in HK\$, US\$, S\$ and RMB, of which approximately HK\$188.5 million is repayable within one year after 30 June 2016 (At 31 December 2015: approximately HK\$185.7 million) and approximately HK\$77.5 million is repayable more than one year (At 31 December 2015: approximately HK\$74.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

LOAN FACILITY FROM AN INDEPENDENT THIRD PARTY

On 21 March 2016 (the "Agreement Date"), the Company entered into a loan agreement with an independent third party (the "Lender") in relation to the provision of loan facility of HK\$175.0 million bearing interest at the rate of 12% per annum (the "Facility"). Drawdown under the Facility (the "Loan") may be made at any time from the Agreement Date to 31 December 2016 upon request of the Company, subject to the fulfillment (or waiver from the Lender at its absolute discretion) of certain conditions precedent. The Loan, if drawn, will be due for repayment on 30 April 2017, or such other date as agreed in writing between the Company and the Lender. The Loan is secured by the debenture incorporating fixed and floating charge over the undertaking, property and assets of the Company made by the Company in favour of the Lender.

CAPITAL STRUCTURE

As at 30 June 2016, the Company's total issued ordinary shares was 800,000,000 at HK\$0.01 each (the "Shares", each, a "Share"). There was no change in the share capital of the Company during the Period.

INVESTMENT POSITION AND PLANNING

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

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

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\$102.4 million (At 31 December 2015: approximately HK\$103.0 million). The bonds of HK\$100.0 million were secured by the equity interests of certain subsidiaries.

As at 30 June 2016, the Group had no significant contingent liabilities (At 31 December 2015: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had 285 (At 31 December 2015: 283) 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 CORPORATION

As at 30 June 2016, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

Interests in the Shares

Long positions in ordinary Shares and underlying Shares

Name of Director	Number of Shares		Equity derivatives	Total	Approximate percentage of issued share capital of the Company (Note 2)
	Personal interest	Corporate interest			
Mr. Zeng Li ("Mr. Zeng")	–	600,000,000 (Note 1)	–	600,000,000	75.00%

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. By virtue of the SFO, Mr. Zeng was deemed to be interested in the Shares held by Harbour Luck.
2. The percentage is calculated on the basis of 800,000,000 Shares in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF ADDITIONAL INFORMATION

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

As at 30 June 2016, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations (other than the Directors and the chief executives of the Company) in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Substantial shareholders	Nature of interests/ Holding capacity	Number of Shares	Approximate percentage of issued share capital of the Company (Note 2)
Harbour Luck	Beneficial owner	600,000,000	75.00%
Ms. Chen Xiong Yi ("Ms. Chen")	Interest of spouse	600,000,000 (Note 1)	75.00%

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 800,000,000 Shares in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, there were no other persons or corporations who had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION" above, at no time during the six months ended 30 June 2016 was the Company or any of its holding companies, subsidiaries a party to any arrangement to enable the Directors or the chief executives of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

On 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"). Details of the Share Option Scheme were set out in the circular dated 13 July 2015.

DISCLOSURE OF ADDITIONAL INFORMATION

SHARE OPTION SCHEME *(Continued)*

As at 30 June 2016 and the date of this report, no share options have been granted under the Old Scheme.

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

The total number of Shares available for issue under the Share Option Scheme is 80,000,000, representing 8.3% 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 have been revised on 27 March 2012 and further revised on 31 December 2015.

As at 30 June 2016, 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, 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 HKICPA.

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.

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 causes or may cause any significant competition with the business of the Company.

DISCLOSURE OF ADDITIONAL INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

DISCLOSURE OF INFORMATION ON DIRECTORS

Saved as disclosed below, there was no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Wu Bang Xing resigned as the non-executive Director due to his personal engagement with effect from 23 June 2016 (the "Resignation of Director"). Details of the Resignation of Director were set out in the announcement of the Company dated 23 June 2016.

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

Hong Kong, 25 August 2016

As at the date of this report, the Board comprises Mr. Zeng Li, 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.