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 2017

The board (the "Board") of directors (the "Directors") of Eagle Legend Asia Limited (the "Company") announces the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2017 (the "Period") and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**155,505**	126,538
Cost of sales and services		**(86,229)**	(81,226)
Gross profit		**69,276**	45,312
Gain arising from changes in fair value less costs to sell of biological assets		**44,806**	–
Other income and gains	5	**3,072**	2,473
Selling and distribution expenses		**(1,533)**	(1,687)
Administrative expenses		**(33,181)**	(35,625)
Other operating expenses		**(34,406)**	(23,606)
Finance costs	6	**(24,485)**	(12,945)
Profit/(loss) before income tax	7	**23,549**	(26,078)
Income tax credit	8	**466**	259

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
For the six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Profit/(loss) for the period		**24,015**	(25,819)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**3,678**	4,214
Total comprehensive income for the period		**27,693**	(21,605)
Profit/(loss) for the period attributable to:			
Owners of the Company		**(10,100)**	(25,811)
Non-controlling interests		**34,115**	(8)
		24,015	(25,819)
Total comprehensive income attributable to:			
Owners of the Company		**(6,422)**	(21,597)
Non-controlling interests		**34,115**	(8)
		27,693	(21,605)
Loss per share			
— Basic and diluted (HK cents)	*10*	**(1.1)**	(3.2)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2017

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

NOTES

1. GENERAL INFORMATION AND BASIS OF 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 Room 3607, 36/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The Group is principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases, providing repair and maintenance services in respect of the construction machinery; (ii) manufacturing and sales of proprietary Chinese medicines and health products; and (iii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 July 2010. The immediate and ultimate holding company of the Company is Harbour Luck Investments Limited, which is incorporated in Hong Kong with limited liability.

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

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

Going concern consideration

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

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

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

2. ACCOUNTING POLICIES

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

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

3. SEGMENT INFORMATION

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

The Group has identified the following reportable segments:

— Hong Kong Special Administrative Region ("Hong Kong")

— Singapore

— Vietnam

— Macao Special Administrative Region ("Macau")

— The People's Republic of China, excluding Hong Kong, Macau and Taiwan (the "PRC")

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

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

3. SEGMENT INFORMATION (Continued)

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

	Unaudited Six months ended 30 June 2017						
	Hong Kong *HK$'000*	**Singapore** *HK$'000*	**Vietnam** *HK$'000*	**Macau** *HK$'000*	**PRC** *HK$'000*	**Inter segment elimination** *HK$'000*	**Total** *HK$'000*
Revenue							
From external customers	**30,905**	**30,546**	**–**	**–**	**94,054**	**–**	**155,505**
From inter segment	**–**	**1,069**	**–**	**–**	**–**	**(1,069)**	**–**
Reportable segment revenue	**30,905**	**31,615**	**–**	**–**	**94,054**	**(1,069)**	**155,505**
Reportable segment (loss)/profit	**(3,991)**	**(6,486)**	**(22)**	**(12)**	**62,602**	**(57)**	**52,034**
Interest on bonds payable							**(16,815)**
Interest on promissory note payable							**(4,687)**
Unallocated corporate expenses							**(6,517)**
Profit for the period							**24,015**

	Unaudited At 30 June 2017						
Reportable segment assets	**142,388**	**198,053**	**59**	**207**	**522,805**	**(2,510)**	**861,002**
Unallocated segment assets							**21,723**
Total assets							**882,725**
Reportable segment liabilities	**56,821**	**88,780**	**264**	**112**	**108,020**	**–**	**253,997**
Bonds payable							**58,495**
Promissory note payable							**94,164**
Other unallocated segment liabilities							**70,529**
Total liabilities							**477,185**

3. **SEGMENT INFORMATION (Continued)**

	Hong Kong	Singapore	Vietnam	Macau	PRC	Inter segment elimination	Total
	Unaudited Six months ended 30 June 2016						
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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 (loss)/profit	(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)
	Audited At 31 December 2016						
Reportable segment assets	143,419	215,988	89	391	452,806	(2,511)	810,182
Short-term investment							11,200
Other unallocated segment assets							141,209
Total assets							962,591
Reportable segment liabilities	57,948	102,714	272	300	111,823	–	273,057
Bonds payable							41,681
Promissory note payable							89,477
Other unallocated segment liabilities							180,529
Total liabilities							584,744

4. REVENUE

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

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

5. OTHER INCOME AND GAINS

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

6. FINANCE COSTS

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

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

8. INCOME TAX CREDIT

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

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

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

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full EIT exemption on profit derived from such business. For a subsidiary of the Group engaged in qualifying agricultural business in the PRC, it is entitled to full exemption of EIT for the Period. For the six months ended 30 June 2016, the Group was not engaged in qualifying agricultural business in the PRC and accordingly the Group was not entitled to full exemption of EIT.

9. INTERIM DIVIDEND

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

10. LOSS PER SHARE

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

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

11. CAPITAL EXPENDITURES

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

12. TRADE RECEIVABLES

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

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 180 days or based on the terms agreed in the relevant sales and rental agreements.

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

	Unaudited At 30 June 2017 *HK$'000*	Audited At 31 December 2016 *HK$'000*
0–30 days	**66,947**	19,954
31–60 days	**6,154**	10,532
61–90 days	**6,927**	5,295
Over 90 days	**23,926**	18,997
	103,954	54,778

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 relevant purchase agreements.

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

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

INTERIM DIVIDEND

The Board does not declare 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$155.5 million (six months ended 30 June 2016: approximately HK$126.5 million) with a profit for the Period of approximately HK$24.0 million (six months ended 30 June 2016: loss of approximately HK$25.8 million) and loss for the Period attributable to owners of the Company of approximately HK$10.1 million (six months ended 30 June 2016: approximately HK$25.8 million).

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

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

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

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

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

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

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

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

Outlook

Regarding the Group's business in cultivation, research, processing and sale of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, the PRC, the Group will continue to share its resources in overall management, marketing and distribution network for business development, as well as exercise its best efforts in formulating strategy as to strengthen and expand its business, such as optimising the productivity of its bearer plants and the quality of the produces by implementing modern technology, enhancing the research and development of products using exocarpium citri grandis, applying for patents and authentication certificates for its products, etc.

Moreover, in the light of the promotion of exocarpium citri grandis as a local featured product by the local government of Huazhou City, and with the edge of Guangdong Dahe in respect of its resources and experience in its cultivation business, the Group will actively seek cooperations with the local government in expanding its cultivation and processing business, as well as developing the market of exocarpium citri grandis in future.

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

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

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

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

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

Subsequent Event after Reporting Period

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

Financial Resources and Liquidity

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

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

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

During the Period and as at 30 June 2017, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore is primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers are usually denominated in Euro or United States dollar. Revenue and purchases in our manufacturing and sales of proprietary Chinese medicines and health products, and cultivation, research, processing and sales of exocarpium citri grandis and its seedings in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and PRC operations.

As at 30 June 2017, the Group had net current liabilities of approximately HK$41.1 million (At 31 December 2016: net current assets of approximately HK$61.3 million).

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

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

Capital Structure

As at 30 June 2017, the Company's share capital comprised 960,000,000 issued ordinary shares of HK$0.01 each. There was no change in the share capital of the Company during the Period.

Investment Position and Planning

Pursuant to the resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited, a subsidiary of the Company, held on 10 January 2013, the board of management resolved to liquidate the company (the "Liquidation"). As at the date of this announcement, the Liquidation has not yet been completed.

Material Acquisition or Disposal of Subsidiary

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

Pledge of Group Assets and Contingent Liabilities

At 30 June 2017, the Group's banking facilities were secured by the assets of the Group, including land and building carried at fair value, building carried at cost and payments for leasehold land held for own use under operating leases, with an aggregate carrying amount of approximately HK$93.1 million (At 31 December 2016: approximately HK$93.6 million). The bonds of HK$100 million were secured by the equity interests of certain subsidiaries.

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

Employees and Remuneration Policies

As at 30 June 2017, the Group had 294 (At 31 December 2016: 306) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problem with its employee or disruption due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff, except that there is a severe shortage of skilled labour in the construction equipment business. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has, throughout the Period, complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference on 25 June 2010. In order to comply with the relevant code provisions of the CG Code, the written terms of reference had been revised on 27 March 2012 and were further revised on 31 December 2015 and 22 March 2017.

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

REVIEW OF FINANCIAL INFORMATION

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

The external auditor has reviewed the unaudited condensed consolidated interim financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the 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 caused or might cause any significant competition with the business of the Company.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the code for dealing in securities of the Company by the Directors. Following the specific enquiries made by the Company on all the Directors, each of the Directors confirmed that he/she had complied with the required standards set out in the Model Code during the Period.

PUBLICATION OF 2017 INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.elasialtd.com) respectively. The 2017 interim report, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 28 August 2017

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