EAGLE LEGEND ASIA LIMITED
鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "Board", or the "Director(s)") of Eagle Legend Asia Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Continuing operations			
Revenue	*5*	**190,316**	206,805
Cost of sales and services		**(88,868)**	(98,782)
Gross profit		**101,448**	108,023
Gain arising from changes in fair value less costs to sell of biological assets		**83,996**	49,639
Other income and gains	*6*	**7,820**	12,340
Selling and distribution expenses		**(2,831)**	(2,608)
Administrative expenses		**(73,015)**	(59,740)
Other operating expenses	*7*	**(69,846)**	(67,753)
Finance costs	*8*	**(37,766)**	(49,827)
Profit/(loss) before income tax	*9(a)*	**9,806**	(9,926)
Income tax credit	*10*	**1,833**	1,924
Profit/(loss) for the year from continuing operations		**11,639**	(8,002)
Discontinued operation			
Profit for the year from discontinued operation	*9(b)*	**–**	319
Profit/(loss) for the year		**11,639**	(7,683)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
For the year ended 31 December 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Gain on revaluation of properties held for own use, net of tax		**1,780**	1,819
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(27,018)**	28,041
Release of translation reserve upon disposal of subsidiaries		**–**	3,530
Other comprehensive income for the year		**(25,238)**	33,390
Total comprehensive income for the year		**(13,599)**	25,707
(Loss)/profit for the year attributable to:			
Owners of the Company			
– Continuing operations		**(42,672)**	(47,768)
– Discontinued operation		**–**	319
Loss for the year attributable to owners of the Company		**(42,672)**	(47,449)
Non-controlling interests			
– Continuing operations		**54,311**	39,766
– Discontinued operation		**–**	–
Profit for the year attributable to non-controlling interests		**54,311**	39,766
		11,639	(7,683)
Total comprehensive income attributable to:			
– Owners of the Company		**(52,187)**	(26,106)
– Non-controlling interests		**38,588**	51,813
		(13,599)	25,707
Loss per share from continuing and discontinued operations			
– Basic and diluted (HK cents)	*12*	**(4.03)**	(4.89)
Loss per share from continuing operations			
– Basic and diluted (HK cents)	*12*	**(4.03)**	(4.92)
Earnings per share from discontinued operation			
– Basic and diluted (HK cents)	*12*	**N/A**	0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**489,116**	511,022
Goodwill		**75,706**	75,036
Deposit		**107**	199
		564,929	586,257
Current assets			
Biological assets		**6,052**	5,766
Inventories and consumables		**92,012**	45,428
Trade receivables	*13*	**26,363**	19,916
Prepayments, deposits and other receivables		**8,704**	10,753
Cash and cash equivalents		**120,487**	152,556
		253,618	234,419
Current liabilities			
Trade payables	*14*	**27,145**	30,334
Receipt in advance, accruals and other payables		**31,832**	102,833
Contract liabilities		**2,858**	–
Bank borrowing		**2,100**	2,108
Shareholder's loans	*15*	**178,000**	–
Bonds payable	*16*	**–**	77,803
Finance lease payables		**28,610**	34,143
Deferred government grants		**1,155**	1,157
		271,700	248,378
Net current liabilities		**(18,082)**	(13,959)
Total assets less current liabilities		**546,847**	572,298

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowing	**13,754**	16,165
Finance lease payables	**41,341**	47,882
Deferred government grants	**7,674**	8,681
Deferred tax liabilities	**1,720**	3,613
	64,489	76,341
Net assets	**482,358**	495,957
EQUITY		
Share capital	**10,600**	10,600
Reserves	**261,251**	313,438
Equity attributable to the owners of the Company	**271,851**	324,038
Non-controlling interests	**210,507**	171,919
Total equity	**482,358**	495,957

NOTES:

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, 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, and providing repair and maintenance services in respect of the construction machinery ("Construction Equipment Business"); and (ii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings ("Plantation Business").

The Company's issued 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.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

The financial statements have been prepared under the historical cost basis, except that the following assets are stated at fair values as explained in the accounting policies set out below:

– land and building carried at fair value; and

– biological assets except for bearer plants.

At the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK$18,082,000. The Directors consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2018, on the basis that (a) an undertaking from the immediate and ultimate holding company not to demand repayment of the unsecured shareholder's loans due by the Group of approximately HK$178,000,000 as at 31 December 2018 until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business; and (b) an unsecured shareholder's loan of HK$2,500,000 obtained from the immediate and ultimate holding company of the Company as a liquidity cushion for operating cash flows, of which the loan has been drawn down subsequent to the reporting date on 27 February 2019 (Note 18). The Directors are of the opinion that, in the absence of unforeseen adverse circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting period. Accordingly, the financial statements have been prepared on a going concern basis.

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

(c) Functional and presentation currency

The financial statements are presented in Hong Kong Dollars ("HK$"), which is the same as the functional currency of the Company.

3. ADOPTION OF HKFRS

(a) Amendments to HKFRS that are mandatory effective for current year

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of the amendments has no impact on the financial statements as the periods to which the transition provision exemptions related have passed.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of the amendments has no impact on the financial statements as the Group is not a venture capital organisation.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of the amendments has no impact on the financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

A. HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income ("OCI") unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVTOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVTOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39**	**Carrying amount as at 1 January 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Trade and other receivables and deposits	Loans and receivables *(note 3(a)A(ii))*	Amortised cost	26,423	26,423
Cash and cash equivalents	Loans and receivables	Amortised cost	152,556	152,556

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVTOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

No additional impairment for trade and other receivables as at 1 January 2018 is recognised as the amount of additional impairment measured under the ECLs model is immaterial.

Measurement of ECLs
ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Significant increase in credit risk
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

Credit-impaired financial assets
At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulty of the issuer or the borrower;

– a breach of contract, such as a default or past due event;

– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– the disappearance of an active market for that financial asset because of financial difficulties; or

– the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

Impact of the ECLs model

(a) Impairment of trade receivables
As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables and contract asset. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 January 2018.

(b) Impairment of other receivables and deposits
Other financial assets at amortised cost of the Group includes other receivables and deposits. No additional impairment for these financial assets as at 1 January 2018.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessment has been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9:

- The determination of the business model within which a financial asset is held.

B. *HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")*

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

HKFRS 15 applies to the contracts with customers for the following transactions:

– Sales of machinery and spare parts
– Service income
– Sales of dried exocarpium citri grandis

Rental income from leasing of owned plant and machinery and those held under finance lease and from subleasing of plant and machinery will continue to be accounted for in accordance with HKAS 17 "Leases".

The Group has reassessed its business model and contract terms to assess the effects of applying the new standard on the Group's financial statements. The Group has adopted the modified retrospective approach for transition to HKFRS 15. Under the modified retrospective approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 15 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 15, i.e. 1 January 2018; (iii) the Group recognises the cumulative effect of initial application of HKFRS 15 as an adjustment to the opening balance of retained profit in the period of adoption, i.e. as at 1 January 2018; and (iv) the Group elects to apply HKFRS 15 only to contracts that are not completed contracts at 1 January 2018. The Directors considered that HKFRS 15 did not result in significant impact on the Group's accounting policies.

1. *Timing of revenue recognition*

   Previously, revenue from sale of goods was generally recognised when the risks and rewards of ownership of the goods had passed to the customers. Service income was recognised when the services are rendered. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

   – When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

   – When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

   – When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

   If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

   Under HKFRS 15, the Group recognises revenue from sale of goods at a point in time and revenue from services for over time.

2. *Incremental costs of obtaining a contract*

   Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

   Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

3. *Presentation and disclosure requirements*

Disaggregation of revenue

As required for the financial statements, the Group's disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosures of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4(b) and note 5 for the disclosure on disaggregated revenue.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

At the date of initial application, 1 January 2018, the Group has deposit received from customers amounted to HK$993,000 previously included in receipt in advance were reclassified to contract liabilities upon application of HKFRS 15.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of the amendments has no impact on the financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

Amendments to HKAS 40, Investment Property – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of the amendments has no impact on the financial statements as the Group does not have investment property.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of the amendments has no impact on the financial statements as the Group has not paid or received advance consideration in a foreign currency.

(b) New/revised HKFRS that have been issued but are not yet effective

The following new/revised HKFRS, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2020.

3 Effective for transactions that occur on or after 1 January 2020.

4 Effective for annual periods beginning on or after 1 January 2021.

5 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases under operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in the financial statements, the Group's future minimum lease payments under non-cancellable operating leases amounted to approximately HK$10,944,000 as at 31 December 2018. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition of material to make it easier for entities to make materiality judgements. The definition of material, an important accounting concept in HKFRS Standards, helps entities decide whether information should be included in their financial statements.

Amendments to HKFRS 3 – Definition of a business

The amendments improve the definition of a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services from which are subject to risks and returns that are different from those of the other operating segments.

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

	Continuing operations						
	Hong Kong	Singapore	Vietnam	Macau	The People's Republic of China ("PRC")	Inter segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2018							
Revenue							
From external customers	63,299	44,978	–	–	82,039	–	190,316
From inter segment	10,475	–	–	–	–	(10,475)	–
Reportable segment revenue	73,774	44,978	–	–	82,039	(10,475)	190,316
Reportable segment (loss)/profit	(15,245)	(19,410)	92	59	91,699	–	57,195
Interest on bonds payable							(27,313)
Interest on shareholder's loans							(6,012)
Unallocated corporate expenses							(12,231)
Profit for the year							11,639

	Continuing operations						
	Hong Kong	Singapore	Vietnam	Macau	PRC	Inter segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other reportable segment information							
Interest income	1	2	–	–	1,109	–	1,112
Interest expenses	(2,832)	(1,734)	(1)	–	–	126	(4,441)
Gain arising from changes in fair value less costs to disposal of biological assets	–	–	–	–	83,996	–	83,996
Depreciation of non-financial assets	(15,384)	(22,674)	–	–	(17,360)	–	(55,418)
(Impairment loss)/recovery of impairment loss on trade receivables, net	(1,200)	(296)	228	–	–	–	(1,268)
Impairment loss on other receivables, net	(9)	–	–	–	–	–	(9)
Reversal of impairment loss on property, plant and equipment	–	1,693	–	–	–	–	1,693
(Loss)/gain on disposal of property, plant and equipment	(9)	6	–	–	–	–	(3)
Amortisation of deferred government grants for acquisition of property, plant and equipment	–	–	–	–	1,148	–	1,148
Income tax (expense)/credit	(1,414)	3,247	–	–	–	–	1,833
Additions to non-current segment assets during the year	17,292	13,113	–	–	21,023	–	51,428

	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Inter segment elimination *HK$'000*	Total *HK$'000*
At 31 December 2018							
Reportable segment assets	**149,726**	**172,955**	**289**	**173**	**493,850**	**(2,510)**	**814,483**
Other unallocated segment asset							**4,064**
Total assets							**818,547**
Reportable segment liabilities	**69,670**	**60,757**	**283**	**26**	**21,441**	**–**	**152,177**
Shareholder's loans							**178,000**
Other unallocated segment liability							**6,012**
Total liabilities							**336,189**

	Continuing operations							Discontinued operation			
	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Inter segment elimination *HK$'000*	Subtotal *HK$'000*	Hong Kong *HK$'000*	PRC *HK$'000*	Subtotal *HK$'000*	Total *HK$'000*
Year ended 31 December 2017											
Revenue											
From external customers	60,529	56,945	–	–	89,331	–	206,805	–	38,666	38,666	245,471
From inter segment	–	4,430	–	–	–	(4,430)	–	–	–	–	–
Reportable segment revenue	60,529	61,375	–	–	89,331	(4,430)	206,805	–	38,666	38,666	245,471
Reportable segment (loss)/profit	(3,548)	(13,267)	(72)	(32)	67,224	–	50,305	(7)	326	319	50,624
Interest on bonds payable							(36,122)			–	(36,122)
Interest on promissory note payable							(9,019)			–	(9,019)
Unallocated corporate expenses							(13,166)			–	(13,166)
(Loss)/profit for the year							(8,002)			319	(7,683)

	Continuing operations							Discontinued operation			
	Hong Kong	Singapore	Vietnam	Macau	PRC	Inter segment elimination	Subtotal	Hong Kong	PRC	Subtotal	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other reportable segment information											
Interest income	2	5	–	–	176	–	183	–	3	3	186
Interest expenses	(1,510)	(3,176)	–	–	–	–	(4,686)	–	(625)	(625)	(5,311)
Gain arising from changes in fair value less costs to disposal of biological assets	–	–	–	–	49,639	–	49,639	–	–	–	49,639
Amortisation on payments for leasehold land held for own use under operating leases	–	–	–	–	–	–	–	–	(372)	(372)	(372)
Depreciation of non-financial assets	(14,862)	(25,629)	–	–	(14,354)	–	(54,845)	–	(2,181)	(2,181)	(57,026)
Recovery of impairment loss on trade receivables, net	–	31	–	–	–	–	31	–	–	–	31
Gain on disposal of property, plant and equipment	26	36	–	–	–	–	62	–	–	–	62
Write-down of inventories	–	–	–	–	–	–	–	–	(201)	(201)	(201)
Amortisation of deferred government grants for acquisition of property, plant and equipment	–	–	–	–	1,285	–	1,285	–	–	–	1,285
Income tax credit	226	1,698	–	–	–	–	1,924	–	323	323	2,247
Additions to non-current segment assets during the year	35,771	5,858	–	–	21,860	–	63,489	–	82	82	63,571

	Hong Kong	Singapore	Vietnam	Macau	PRC	Inter segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2017							
Reportable segment assets	159,492	182,991	105	192	427,880	(2,510)	768,150
Other unallocated segment asset							52,526
Total assets							820,676
Reportable segment liabilities	72,938	81,762	280	126	21,281	–	176,387
Bonds payable							77,803
Other unallocated segment liability							70,529
Total liabilities							324,719

(b) In the following table, revenue is disaggregated by primary geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segment.

On 15 August 2017, the Group completed its disposal of the entire interests in a subsidiary group which was principally engaged in manufacturing and sales of proprietary Chinese medicines and health products ("Pharmaceutical Business") to an independent third party (Note 9(b)).

	For the year ended											
	Continuing operations						Discontinued operation					
	Construction Equipment Business		Plantation Business		Subtotal		Pharmaceutical Business		Subtotal		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets												
Hong Kong	**62,722**	59,454	**–**	–	**62,722**	59,454	**–**	–	**–**	–	**62,722**	59,454
Singapore	**37,096**	34,610	**–**	–	**37,096**	34,610	**–**	–	**–**	–	**37,096**	34,610
Vietnam	**1,718**	1,624	**–**	–	**1,718**	1,624	**–**	–	**–**	–	**1,718**	1,624
PRC	**–**	–	**82,039**	89,331	**82,039**	89,331	**–**	38,666	**–**	38,666	**82,039**	127,997
Sri Lanka	**422**	558	**–**	–	**422**	558	**–**	–	**–**	–	**422**	558
Korea	**6,319**	17,543	**–**	–	**6,319**	17,543	**–**	–	**–**	–	**6,319**	17,543
United Arab Emirates	**–**	3,685	**–**	–	**–**	3,685	**–**	–	**–**	–	**–**	3,685
Total	**108,277**	117,474	**82,039**	89,331	**190,316**	206,805	**–**	38,666	**–**	38,666	**190,316**	245,471

Non-current assets

	Hong Kong (domicile)	**Singapore**	**PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2018	**102,956**	**156,524**	**305,449**	**564,929**
At 31 December 2017	111,566	159,448	315,243	586,257

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

Information about a major customer

Revenue from one customer of the Group's Hong Kong (2017: PRC) segment amounted to approximately HK$24,051,000 (2017: approximately HK$21,574,000), which represented approximately 13% (2017: approximately 9%) of the Group's consolidated revenue.

5. REVENUE

Revenue from the Group's principal activities as set out in note 1 during the year is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Continuing operations		
Revenue from Contracts with Customers within the scope of HKFRS 15:		
Sales of machinery	**10,171**	28,354
Sales of spare parts	**9,505**	5,399
Service income	**38,840**	27,195
Sales of dried exocarpium citri grandis	**82,039**	89,331
	140,555	150,279
Revenue from other sources:		
Rental income from leasing of owned plant and machinery and those held under finance leases	**49,258**	55,155
Rental income from subleasing of plant and machinery	**503**	1,371
	49,761	56,526
	190,316	206,805
Discontinued operation		
Revenue from Contracts with Customers within the scope of HKFRS 15:		
Sales of proprietary Chinese medicines and health products *(Note 9(b))*	**–**	38,666
	190,316	245,471

	For the year ended		
	Construction Equipment Business **2018** ***HK$'000***	**Plantation Business** **2018** ***HK$'000***	**Total** **2018** ***HK$'000***
Timing of revenue recognition under HKFRS 15			
At a point in time	**19,676**	**82,039**	**101,715**
Transferred over time	**38,840**	**–**	**38,840**
	58,516	**82,039**	**140,555**

6. OTHER INCOME AND GAINS

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**1,112**	183
Exchange gain, net	**–**	2,703
Compensation received	**760**	417
Gain on early settlement of promissory note payable	**–**	5,496
Gain on disposal of property, plant and equipment	**–**	62
Government grants		
– relating to unconditional subsidies *(Note)*	**–**	92
– for property, plant and equipment	**1,148**	1,285
Reversal of impairment loss on property, plant and equipment	**1,693**	–
Recovery of impairment loss on trade receivables, net	**–**	31
Others	**3,107**	2,071
	7,820	12,340
Discontinued operation		
Bank interest income	**–**	3
Government grants		
– relating to unconditional subsidies *(Note)*	**–**	120
Others	**–**	1
(Note 9(b))	**–**	124
	7,820	12,464

Note: The amounts mainly represented unconditional cash subsidies from government for subsidising enterprises involving in specific industry in the region.

7. OTHER OPERATING EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Depreciation of property, plant and equipment:		
– Owned Assets	**41,222**	37,938
– Assets held under finance lease	**14,196**	16,907
Maintenance cost of mature bearer plants	**14,428**	12,908
	69,846	67,753
Discontinued operation		
Depreciation of property, plant and equipment:		
– Owned Assets	**–**	1,792
	69,846	69,545

8. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interest charges on financial liabilities stated at amortised cost:		
– Bank borrowing	**368**	877
– Shareholder's loans *(Note 15)*	**6,012**	–
– Bonds payable *(Note 16)*	**27,313**	36,122
– Finance lease payables	**3,163**	3,809
– Other loans payable	**910**	–
– Promissory note payable	**–**	9,019
	37,766	49,827
Discontinued operation		
Interest charges on financial liabilities stated at amortised cost:		
– Bank borrowings *(Note 9(b))*	**–**	625
	37,766	50,452

9. PROFIT/(LOSS) BEFORE INCOME TAX

(a) Profit/(loss) before income tax is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration		
– Current year	**1,261**	1,255
– (Over)/under provision in respect of prior year	**(25)**	300
Cost of inventories recognised as an expense	**62,125**	51,734
Depreciation of property, plant and equipment		
– Owned assets	**41,222**	37,938
– Assets held under finance leases	**14,196**	16,907
	55,418	54,845
Maintenance cost of mature bearer plants	**14,428**	12,908
Impairment loss/(recovery of impairment loss) on trade receivables, net	**1,268**	(31)
Impairment loss on other receivables, net	**9**	–
Loss/(gain) on disposal of property, plant and equipment	**3**	(62)
Reversal of impairment loss on property, plant and equipment	**(1,693)**	–
Written off of property, plant and equipment	**88**	24
Operating lease charges in respect of the Woodlands, land and premises	**4,822**	4,858
Employee costs (including Directors' remunerations)		
– Wages, salaries and bonus	**42,899**	40,538
– Contribution to defined contribution plans	**3,783**	4,500
	46,682	45,038
Net foreign exchange loss/(gain)	**1,814**	(2,703)
Net rental expense/(income) from subletting of plant and machinery	**138**	(89)
Discontinued operation		
Cost of inventories recognised as an expense	**–**	32,886
Depreciation of property, plant and equipment		
– Owned assets	**–**	2,181
Amortisation of payments for leasehold land held for own use under operating lease	**–**	372
Write-down of inventories to net realisable value	**–**	201
Employee costs		
– Wages, salaries and bonus	**–**	3,489
– Contribution to defined contribution plans	**–**	1,081
	–	4,570

(b) Discontinued operation in prior year

On 1 August 2017, the Company entered into a sale and purchase agreement to dispose of a subsidiary group which was principally engaged in Pharmaceutical Business in the PRC. The disposal was effected to streamline the non-core business. The disposal was completed on 15 August 2017, the date on which the control of the subsidiary group passed to the acquirer.

The sales and results of discontinued operation were as follows:

	From 1 January to 15 August 2017 *HK$'000*
Revenue *(Note 5)*	38,666
Cost of sales	(33,276)
Gross profit	5,390
Other income *(Note 6)*	124
Selling and distribution expenses	(297)
Administrative expenses	(4,035)
Other operating expenses *(Note 7)*	(1,792)
Finance costs *(Note 8)*	(625)
Loss before income tax *(Note 9(a))*	(1,235)
Income tax credit *(Note 10)*	323
Loss after income tax from discontinued operation	(912)
Gain on disposal of subsidiaries	1,231
Profit for the year from discontinued operation	319

The carrying amounts of the assets and liabilities of the subsidiary group disposed at the date of disposal are disclosed in the financial statements.

A gain of approximately HK$1,231,000 arose on the disposal of the subsidiary group, being the proceeds of disposal less the carrying amount of the subsidiary group's net liabilities and associated transaction costs. No tax charge or credit arose from the disposal.

10. INCOME TAX CREDIT

	Continuing operations		Discontinued operation		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Deferred tax						
– Current year	**(1,833)**	(1,924)	**–**	(323)	**(1,833)**	(2,247)
Total income tax credit	**(1,833)**	(1,924)	**–**	(323)	**(1,833)**	(2,247)

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 and Vietnam profits tax, Macau Complementary Tax and PRC Enterprise Income Tax ("EIT") have not been provided as the Group has no assessable profits in respective jurisdictions for the years.

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 profits 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 years.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2018 (2017: nil).

12. (LOSS)/EARNINGS PER SHARE

(i) Continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on following data:

	2018	2017
Loss		
Loss for the purposes of basic and diluted loss per share (HK$'000)	**(42,672)**	(47,449)
Number of shares		
Weighted average number of ordinary shares	**1,060,000,000**	970,684,932
Basic and diluted loss per share (HK cents)	**(4.03)**	(4.89)

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2017 and 2018.

(ii) Continuing operations

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(42,672)**	(47,449)
Less: Profit for the year from discontinued operation	**–**	319
	(42,672)	(47,768)
Basic and diluted loss per share from continuing operations (HK cents)	**(4.03)**	(4.92)

(iii) Discontinued operation

	2018	2017
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**–**	319
Basic and diluted earnings per share from discontinued operation (HK cents)	**N/A**	0.03

13. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables, gross	**27,878**	20,169
Less: Loss allowance	**(1,515)**	(253)
Trade receivables, net	**26,363**	19,916

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 120 days (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**8,812**	6,120
31–60 days	**9,278**	5,890
61–90 days	**3,457**	4,972
Over 90 days	**4,816**	2,934
	26,363	19,916

14. TRADE PAYABLES

The credit period is, in general, 30 to 60 days or based on the terms agreed in purchase agreements.

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**14,914**	14,904
31–60 days	**3,335**	3,951
61–90 days	**2,529**	4,486
Over 90 days	**6,367**	6,993
	27,145	30,334

15. SHAREHOLDER'S LOANS

On 28 August 2018, the Company entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$173,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for fulfilment of financial obligations of the Group. On 28 August 2018, HK$173,000,000 was drawn down by the Company.

On 30 November 2018, the Company entered into another unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$5,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 3 December 2018, HK$5,000,000 was drawn down by the Company.

Shareholder's loans were granted to the Company on normal commercial terms or better to the Company and were not secured by any assets of the Group.

16. BONDS PAYABLE

At 31 December 2017, the bonds with total principal amount of HK$100,000,000 carried interest at a rate of 18% per annum, which were repayable on 30 June 2018.

The original repayable date of the bonds was on 11 June 2014. Upon amended and supplemented by letters of extension dated 6 June 2014, 28 November 2014 and 30 November 2016 respectively, the Group obtained consents from all bond holders to further extend the maturity date of the bonds to 30 June 2018.

Pursuant to the extension letters dated 30 November 2016, the interest rate was revised from 12% per annum to 18% per annum and all outstanding amounts including the principal amount and the accrued interests up to 30 November 2016 will be payable on 30 June 2018. As part of the terms for extension, the Group made payment to the bondholders that represented bond interests, covering the period from 1 December 2016 to 30 June 2018, with an amount of approximately HK$48,601,000. Besides, the Group had paid approximately of HK$12,276,000 for the renewal and arrangement fee of the bonds payable. For the presentation of the Group's financial statements, the amount of prepaid bond interests and, renewal and arrangement fee incurred had been adjusted against the carrying amount of the bonds payable and amortised over the remaining terms of bonds payable (the "Revision of Terms").

The Directors considered the Revision of Terms to the bonds payable did not constitute a substantial modification of financial liabilities, and therefore the Group accounted for it in accordance to the accounting policies disclosed in the financial statements.

The bonds were secured by the equity interest of certain subsidiaries of the Group.

As set out in note 17, as at 30 June 2018, no repayment of bonds nor payment of interests accrued shall be required, such delay in payment should not be considered as an event of default under the terms and conditions of the bonds as stated in the Agreement (defined thereafter in note 17).

The bonds payable was fully settled during the year.

17. SIGNIFICANT EVENT DURING THE YEAR

On 29 June 2018, a subsidiary of the Group entered into a conditional sale and purchase of the sale shares agreement (the "Agreement") with two independent third parties (the "Purchasers"), who are also the bond holders, in relation to the disposal of Hover Ascend Limited ("Hover Ascend"), a subsidiary of the Group.

Upon completion of reorganisation and immediately before completion, as set out in the Agreement, Hover Ascend will become the holding company of the subsidiaries, principally engaged in Construction Equipment Business. According to the Agreement, the consideration which shall be paid by the Purchasers shall be set off against the outstanding principal amount of the bonds payable and the outstanding accrued interest thereon up to 30 June 2018 upon completion of the Agreement.

The Purchasers agreed, confirmed and undertook that notwithstanding the bonds set out in note 16 having fallen due on 30 June 2018, in consideration of the Agreement, the Purchasers acknowledged that no repayment of the bonds nor payment of interests accrued thereon shall be required, and such delay in payment should not be considered as an event of default under the terms and conditions of the bonds, unless the Agreement is terminated before completion of the Agreement. The Purchasers further agreed, confirmed and undertook that all interests accrued on the bonds from 1 July 2018 onwards shall be waived upon completion of the Agreement.

Pursuant to the Agreement, if the conditions are not fulfilled or waived on or before 31 August 2018 or such other time and date as the Group and the Purchasers may agree, the Agreement shall cease and determine. As at 31 August 2018, the condition precedents for completion of the Agreement had not been fulfilled or waived (if applicable), the Agreement had lapsed on 31 August 2018 and the disposal was not proceeded.

On the even date, the outstanding principal amount of the bonds payable together with interest accrued up to the date of repayment, which amounted to approximately HK$175,600,000 in aggregate, had been fully repaid by the Group.

Further details of the aforesaid significant event are set out in the Company's announcement dated 31 August 2018.

18. EVENTS AFTER REPORTING DATE

Subsequent to the reporting date on 26 February 2019, the Company further entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 27 February 2019, HK$2,500,000 was drawn down by the Company.

Pursuant to the written resolutions of the sole member and the sole director of Manta Services Management Limited ("Manta-Services") both dated 20 March 2019, it was resolved that (i) the business of Manta-Services was ceased with effect from 31 December 2018; and (ii) an application be made to the Registrar of Companies for deregistration of Manta-Services. As at the date of this announcement, the deregistration of Manta-Services is still in process.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2018, the Group generated revenue from continuing operations of approximately HK$190.3 million (2017: approximately HK$206.8 million) with a profit for the year from continuing operations of approximately HK$11.6 million (2017: a loss of approximately HK$8.0 million). Revenue from discontinued operation in the previous year recorded approximately HK$38.7 million with a profit from discontinued operation of approximately HK$0.3 million.

Business Review

The Group recorded revenue from sales of dried exocarpium citri grandis ("Dried Fruits") of approximately HK$82.0 million, which represented a decrease of approximately 8.2% compared to that of 2017. Such decrease was mainly due to the decrease in average selling price of the Dried Fruits upon the implementation of categorisation of Dried Fruits in 2018. The revenue recorded were contributed by 廣東大合生物科技股份有限公司 (for identification purpose, in English, Guangdong Dahe Biological Technologies Limited) ("Guangdong Dahe"), an indirect subsidiary of the Company, which is principally engaged in the cultivation, research, processing and sale of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, Guangdong Province, the PRC. Guangdong Dahe operates with over 96,800 fruit trees of exocarpium citri grandis on a total area of woodlands of 2,151.36 mu as at 31 December 2018, which is among one of the biggest cultivation business in its industry in Huazhou City.

Revenue from sales of machinery of approximately HK$10.2 million was recorded for the year under review which represented a decrease of approximately 64.1% compared to 2017. The decrease in machinery sales was mainly due to the persistently low monthly rental rates which encourage the Group's customers to choose rental over purchase of new tower cranes. Furthermore, both the Hong Kong and Singapore markets continue to shift towards the use of tower cranes with heavier lifting capacity to accommodate the adoption of pre-cast and pre-fabricated construction method but the manufacturer's new product that is suitable for heavier lifting was not available until late 2018. With regard to used cranes sale, the introduction of legal age restriction in Korea and the continuous softening of the Korean construction market in 2018 have led to the decrease in demand for used crane from our Korean customers.

Rental income from leasing of machinery decreased from approximately HK$56.5 million to approximately HK$49.8 million for the year under review, representing a decrease of approximately 12.0% year over year mainly due to the lingering of rental rates at a relatively low level throughout 2018.

Revenue from both sales of spare parts and service income recorded an increase of approximately 76.1% and 42.8% for the year under review to approximately HK$9.5 million and HK$38.8 million, respectively. The increases were mainly contributed by the significant increase in Hong Kong market's sale of certain spare parts to its customers and the provision of erection, climbing and dismantling services according to the project schedule during the year under review.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

Financial review

Results for the year

As detailed in the section headed "Business Review" above, the Group recorded a profit from continuing operations of approximately HK$11.6 million (2017: a loss from continuing operations of approximately HK$8.0 million and a profit from discontinued operation of approximately HK$0.3 million).

For the year ended 31 December 2018, the Group's other income and gains from continuing operations amounted to approximately HK$7.8 million, representing a decrease of approximately 36.6% compared to that of 2017. The decrease was mainly attributable to the decrease in exchange gain and the absence of the one-off gain on early settlement of promissory note payable in 2017.

The Group's property, plant and equipment amounted to approximately HK$489.1 million, representing a decrease of approximately 4.3% compared to that of 2017. The depreciation charges and staff costs from the continuing operations for the year under review increased by approximately HK$0.6 million and HK$1.6 million, respectively, as compared to the amounts for the previous year.

Finance costs from continuing operations amounted to approximately HK$37.8 million for the year ended 31 December 2018, representing a decrease of approximately 24.2% compared to that of 2017. Finance costs from discontinued operation amounted to approximately HK$0.6 million for the year ended 31 December 2017.

Liquidity and Financial Resources

The Group held cash and cash equivalents of approximately HK$120.5 million as at 31 December 2018 (2017: approximately HK$152.6 million).

The total equity of the Group decreased to approximately HK$482.4 million as at 31 December 2018 (2017: approximately HK$496.0 million).

As at 31 December 2018, the Group had net current liabilities of approximately HK$18.1 million (2017: approximately HK$14.0 million).

Capital Structure

As at 31 December 2018, the Company had a total of 1,060,000,000 issued shares (the "Shares", each, a "Share") at HK$0.01 each. There was no change in the share capital of the Company during the year.

Investment Position and Planning

During the year under review, the Group spent approximately HK$51.4 million for acquisition of plant and equipment (2017: approximately HK$63.6 million).

Pursuant to the resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited ("Manta-Vietnam"), an indirect 67% owned subsidiary of the Company, dated 10 January 2013, the board of management resolved to liquidate Manta-Vietnam (the "Liquidation"). As at the date of this announcement, the Liquidation is still in process.

Pursuant to the written resolution passed by the board of directors of Vast Bloom Investment Limited ("Vast Bloom"), an indirect 51% owned subsidiary of the Company, dated 21 June 2018, the board of directors resolved to deregister (the "Deregistration") 深圳前海化橘紅生物科技有限公司 (for identification purpose, in English, Shenzhen Qianhai Exocarpium Citri Grandis Biological Technologies Limited), a wholly owned subsidiary of Vast Bloom, which is a wholly foreign-owned enterprise incorporated in the PRC, it was an inactive company. The Deregistration is completed on 20 September 2018.

On 29 June 2018, a subsidiary of the Group entered into the Agreement with the Purchasers who are also the bond holders, in relation to the disposal of Hover Ascend, a subsidiary of the Group (the "Disposal").

Upon completion of reorganisation and immediately before completion, as set out in the Agreement, the Hover Ascend will become the holding company of the subsidiaries, principally engaged in Construction Equipment Business. According to the Agreement, the consideration which shall be paid by the Purchasers shall be set off against the outstanding principal amount of the bonds payable and the outstanding accrued interest thereon up to 30 June 2018 upon completion of the Agreement.

The Purchasers agreed, confirmed and undertook that notwithstanding the bonds set out in note 16 having fallen due on 30 June 2018, in consideration of the Agreement, the Purchasers acknowledged that no repayment of the bonds nor payment of interests accrued thereon shall be required, and such delay in payment should not be considered as an event of default under the terms and conditions of the bonds, unless the Agreement is terminated before completion of the Agreement. The Purchasers further agreed, confirmed and undertook that all interests accrued on the bonds from 1 July 2018 onwards shall be waived upon completion of the Agreement.

Pursuant to the Agreement, if the conditions are not fulfilled or waived on or before 31 August 2018 or such other time and date as the Group and the Purchasers may agree, the Agreement shall cease and determine. As at 31 August 2018, the condition precedents of the Agreement had not been fulfilled or waived (if applicable), the Agreement had lapsed and the Disposal was not proceeded.

On the even date, the outstanding principal amount of the bonds payable together with interest accrued up to the date of repayment, which amounted to approximately HK$175,600,000 in aggregate, had been fully repaid by the Group.

Further details of the Disposal are set out in the Company's announcement dated 31 August 2018.

Material Acquisition or Disposal of Subsidiary

Saved as disclosed elsewhere in this announcement, the Group had no material acquisition or disposal of subsidiaries during the year under review.

Gearing

The Group monitors capital using a gearing ratio, which is total debts (sum of carrying amounts of shareholder's loans, bank borrowings, and finance lease payables) divided by total equity. As compared to that of 2017, the gearing ratio as at 31 December 2018 was increased to 0.5 (2017: 0.4), mainly due to the drawdown of shareholder's loans for the year under review.

Pledge of Group Assets and Contingent Liabilities

The Group's banking facilities were secured by a building of the Group carried at cost with aggregated carrying amounts of approximately HK$33.4 million (2017: secured by a building of the Group carried at cost and with aggregated carrying amount approximately HK$35.7 million).

Exchange Rate Exposure

As at 31 December 2018, 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 was primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. Revenue and purchases in our Plantation Business in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and PRC operations.

Treasury Policies

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

Contingent Liabilities

As at 31 December 2018, the Group and the Company did not have any significant contingent liabilities (2017: nil).

Commitments

As at 31 December 2018, the Group had total capital commitments of approximately HK$2.6 million related to the acquisitions of property, plant and equipment (2017: approximately HK$0.8 million).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2018, the Group had a total of 118 (2017: 121) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

FUTURE PROSPECTS

Regarding the Group's business in cultivation, research, processing and sales 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 the business by expanding its scale as well as its income base.

In view of the continuing promotion of exocarpium citri grandis as a local featured product by the local government of Huazhou City, the Group expects the demand of exocarpium citri grandis will continue to increase, and with the edge of Guangdong Dahe, in respect of its resources and experience in its cultivation business, the Group will continue to increase the production volume of fresh fruits of exocarpium citri grandis by expanding its plantation area and planting additional bearer plants on its existing Woodlands.

Moreover, in response to the initiative of the local government to promote the agricultural industry including the proper use of exocarpium citri grandis, the Group is establishing additional seedling bed for producing seedlings for sale to local farmers in Huazhou City, which may generate additional revenue for the Group as well as promoting the cultivation and expanding the market of exocarpium citri grandis.

As the exocarpium citri grandis produced by the Group is currently sold as agricultural products, in order to broaden the income base of the Group, the Group is in the process of setting up production workshops for the pre-processing of exocarpium citri grandis. Upon setting up the production workshops and purchasing relevant equipments, application for the food production licence will be made to relevant authorities in the PRC which is necessary for processing and sale of exocarpium citri grandis as food products. On the other hand, the Group will continue to formulate and implement its future development plans, including the setting up of research and development team to perform various researches in expanding its product line using exocarpium citri grandis as main ingredient.

Regarding the Group's construction equipment business in Singapore, the Building and Construction Authority continues to anticipate a healthy construction demand for the year 2019. It was projected that the total construction demand will range from S$27 billion to S$32 billion, which falls within the range of the actual construction demand of S$30.5 billion in 2018. The public sector continues to be the major contributor accounting for around 60% of the demand.

The Singapore public sector is committed to the adoption of the DfMA (Design for Manufacturing & Assembly) approach for construction in which the Prefabricated Prefinished Volumetric Construction (PPVC) methodology accounts for 36 out of 71 DfMA projects projected in 2019-2020. As PPVC requires the use of tower cranes with higher lifting capacity ("large cranes"), the market has shifted the focus and the battlefield to those large cranes. Our manufacturer has rolled out a new model Potain MCT565 in late 2018 which is suitable for certain PPVC projects. The Group are currently evaluating the investment economics of this new model and may procure certain units for rent in both Singapore and Hong Kong.

As a result of the shift of battlefield to large cranes in Singapore and coupled with the numerous erection of the medium capacity cranes during the first half of 2018, we see that the rental rates of medium capacity cranes have picked up during the fourth quarter of 2018. It is expected that such rental rates improvement momentum will continue in 2019. Nonetheless the Group are still cautious about the sustainability of this rebound of the rental rate as we view them a mere cyclical upward movement driven by a relatively shorter term (12 months period) supply and demand gap.

The 2017-18 construction expenditure in Hong Kong was HK$266.5 billion and it is expected to grow to between HK$245 billion and HK$295 billion in the year 2018-19. Construction demands appear to remain sustainable over the next few years according to the Construction Industry Council forecast.

Similar to that in Singapore, the construction industry in Hong Kong, driven mainly by the Housing Authority, is studying the Modular Integrated Construction approach which is very similar to the PPVC projects. It is therefore expected that the tower crane rental market in Hong Kong will follow the Singapore pattern of shifting to the use and rental of large cranes in the coming years.

As previous discussed, the more stringent technical requirements on the safety use of tower cranes, including the stricter compliance of Code of Practice on Wind Effects in Hong Kong and the need to install a secondary braking system will be popularized in the construction sector. We expect that such technical requirements will lead to additional capital expenditure to retrofit or to equip our existing cranes with the necessary technical specifications and parts.

As a result of the shift to the large cranes in both markets, the Group will continue to review its tower crane fleet and dispose of certain aged tower cranes or tower cranes with smaller lifting capacity as part of our rental fleet streamlining strategy.

Passenger hoist rental in Hong Kong continues to be in high demand and the Group have recorded a satisfactory utilization and commitment rate in the year under review. The Group will continue to strengthen its passenger hoist fleet and its operations and service levels to cater for the increased demand.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting date, on 26 February 2019, the Company further entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 27 February 2019, HK$2,500,000 was drawn down by the Company.

Pursuant to the written resolutions of the sole member and the sole director of Manta-Services both dated 20 March 2019, it was resolved that (i) the business of Manta-Services was ceased with effect from 31 December 2018; and (ii) an application be made to the Registrar of Companies for deregistration of Manta-Services. As at the date of this announcement, the deregistration of Manta-Services is still in process.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the applicable code provisions of the CG Code throughout the year ended 31 December 2018.

Full details on the Company's corporate governance practices are set out in the Company's 2018 Annual Report.

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") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors during the year ended 31 December 2018. Having made specific enquiries, all Directors confirmed that they had complied with the required dealing standards set out in the Model Code throughout the year ended 31 December 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 25 June 2010 with written terms of reference. In order to comply with the 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, 22 March 2017 and 24 December 2018. Currently, the members of the Audit Committee comprises three independent non-executive Directors, namely Mr. Wan Tze Fan Terence (chairman of the Audit Committee), Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris.

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

The Audit Committee has reviewed with the management of the Company and the independent auditor the annual results of the Group for the year ended 31 December 2018 including the accounting principles and practices adopted by the Group and discussed the auditing, risk management and internal control and financial reporting matters.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of this announcement of the Group's result for the year ended 31 December 2018 have been agreed by the Group's independent auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this announcement.

2019 ANNUAL GENERAL MEETING

The 2019 annual general meeting of the Company (the "2019 Annual General Meeting") will be held on Thursday, 23 May 2019. The Notice of the 2019 Annual General Meeting will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 20 May 2019 to Thursday, 23 May 2019, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2019 Annual General Meeting, non-registered Shareholders must lodge all completed transfer documents, accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 May 2019.

PUBLICATION OF INFORMATION ON DESIGNATED WEBSITES

The results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.elasialtd.com). The annual report of the Company for the year ended 31 December 2018 will be dispatched to the Shareholders and published on the same websites in due course.

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

Hong Kong, 21 March 2019

As at the date of this announcement, 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.