



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 REPORT
2020

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Guo Peineng (*Deputy Chairman*)
Mr. Zhao Yi (*Chief Executive Officer*)
Mr. Chen Huajie

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Xiaowu
Mr. Li Yongjun
Mr. Diao Yingfeng

COMPANY SECRETARY

Ms. Poon Yuk Ching Ada

AUTHORISED REPRESENTATIVES

Mr. Zhao Yi
Ms. Poon Yuk Ching Ada

PRINCIPAL BANKERS

Hong Kong
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
United Overseas Bank Limited
The Bank of East Asia, Limited
Singapore
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
P. O. Box 1350, Clifton House
75 Fort Street, Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDIT COMMITTEE

Mr. Xu Xiaowu (*Chairman*)
Mr. Li Yongjun
Mr. Diao Yingfeng

REMUNERATION COMMITTEE

Mr. Li Yongjun (*Chairman*)
Mr. Zhao Yi
Mr. Diao Yingfeng

NOMINATION COMMITTEE

Mr. Guo Peineng (*Chairman*)
Mr. Xu Xiaowu
Mr. Li Yongjun

REGISTERED OFFICE

P. O. Box 1350, Clifton House
75 Fort Street, Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3610, 36/F., The Center,
99 Queen's Road Central,
Central, Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited

WEBSITE

<http://www.elasialtd.com>

LISTING INFORMATION

Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

Stock Code

936

Board Lot

10,000 shares

INDEPENDENT REVIEW REPORT



To the Board of Directors of Eagle Legend Asia Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We were engaged to review the interim financial report set out on pages 5 to 40 which comprise the condensed consolidated statement of financial position of Eagle Legend Asia Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of this interim financial report in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial report based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Because of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we were not able to obtain sufficient appropriate evidence as a basis of expressing a conclusion on the interim financial report.

Scope of Review

Except as explained in the following paragraph, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT *(Continued)*

Basis for Disclaimer of Conclusion

As at 24 June 2020 (the “Disposal Date”), the Group held 51% equity interest in Best Earnest Investments Limited (佳誠投資有限公司) (“Best Earnest”) and its subsidiaries (the “Best Earnest Group”). The principal activities of the Best Earnest Group are cultivation, research, processing and sales of exocarpium citri grandis and its seedlings that are solely carried out by its 80% owned subsidiary, Guangdong Dahe Biological Technologies Limited (廣東大合生物科技股份有限公司) (“Guangdong Dahe”). On 20 December 2019, the Board of Directors resolved to dispose of the Best Earnest Group. On 24 February 2020, the Group entered into an agreement with a Purchaser (the “Purchaser”), pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the entire equity interest of Best Earnest. The disposal of the Best Earnest Group was completed on the Disposal Date. Accordingly, the Best Earnest Group was classified as a disposal group held for sale as at 31 December 2019 and the Disposal Date and as a discontinued operations for the period from 1 January 2019 to 31 December 2019 and for the period from 1 January 2020 to the Disposal Date. The Group has dispute with the non-controlling shareholders of Guangdong Dahe. As such, management of the Group was not allowed access to complete sets of management and accounting records of Guangdong Dahe and we were unable to complete our review of the loss from the discontinued operations of approximately HK\$1,234,000 for the six months ended 30 June 2020, and the related disclosures.

In addition, due to the dispute between the Group and the non-controlling shareholders of Guangdong Dahe, we were unable to complete our review of assets classified as held for sale of approximately HK\$569,390,000 and liabilities associated with assets classified as held for sale of approximately HK\$32,581,000 of the Best Earnest Group at the Disposal Date, loss on disposal of subsidiaries of approximately HK\$68,272,000 for the six months ended 30 June 2020, and the related disclosures.

We were also unable to complete our review of the Best Earnest Group’s result for the period ended 30 June 2019 that were reviewed by the predecessor auditor.

Had we been able to complete our review of Best Earnest Group, matters might have come to our attention indicating that adjustments might be necessary to the interim financial report.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we were unable to complete our review to form a conclusion on the interim financial report. Accordingly, we do not express a conclusion on the interim financial report.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

26 August 2020

Ng Ka Kong

Practising Certificate No.: P06919

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	6	54,770	62,191
Cost of sales and services		(20,760)	(36,050)
Gross profit		34,010	26,141
Other income and gains	7	1,371	1,171
Selling and distribution expenses		(1,153)	(1,488)
Administrative expenses		(27,355)	(21,550)
Other operating expenses	8	(23,626)	(20,639)
Finance costs	9	(12,130)	(10,926)
Loss before income tax	10	(28,883)	(27,291)
Income tax credit	12	439	1,868
Loss for the period from continuing operations		(28,444)	(25,423)
Discontinued operations			
(Loss)/Profit for the period from discontinued operations	11	(1,234)	88,460
Loss on disposal of subsidiaries	24	(68,272)	–
(Loss)/Profit for the period from discontinued operations		(69,506)	88,460
(Loss)/Profit for the period		(97,950)	63,037
Continuing operations			
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Loss on revaluation of properties, net of tax		–	(699)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(1,141)	140
Other comprehensive loss for the period from continuing operations		(1,141)	(559)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

for the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Discontinued operations			
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(8,481)	2,655
Translation reserve released upon disposal of subsidiaries		9,042	–
Other comprehensive income for the period from discontinued operations		561	2,655
Other comprehensive (loss)/income for the period		(580)	2,096
Total comprehensive (loss)/income for the period		(98,530)	65,133
(Loss)/Profit for the period attributable to:			
Owners of the Company			
– Continuing operations		(28,428)	(25,402)
– Discontinued operations		(68,901)	36,092
(Loss)/Profit for the period attributable to owners of the Company		(97,329)	10,690
Non-controlling interests			
– Continuing operations		(16)	(21)
– Discontinued operations		(605)	52,368
(Loss)/Profit for the period attributable to non-controlling interests		(621)	52,347
		(97,950)	63,037

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

for the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(92,888)	11,611
Non-controlling interests		(5,642)	53,522
		(98,530)	65,133
(Loss)/Earnings per share from continuing and discontinued operations			
– Basic and diluted (HK cents)	14	(9.18)	1.01
Loss per share from continuing operations			
– Basic and diluted (HK cents)	14	(2.68)	(2.40)
(Loss)/Earnings per share from discontinued operations			
– Basic and diluted (HK cents)	14	(6.50)	3.41

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	<i>Notes</i>	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	130,886	136,431
Right-of-use assets		95,260	104,793
Intangible assets	16	3,006	–
Deferred tax assets		97	101
Deposits		358	322
		229,607	241,647
Current assets			
Properties under development	17	86,295	–
Inventories and consumables		10,288	11,869
Trade receivables	19	36,560	43,083
Prepayments, deposits and other receivables		104,016	6,653
Cash and cash equivalents		23,854	25,326
		261,013	86,931
Assets classified as held for sale		–	578,424
		261,013	665,355
Current liabilities			
Trade payables	20	20,200	35,718
Receipt in advance, accruals and other payables		66,069	49,543
Contract liabilities		546	78
Bank borrowings	21	3,836	2,153
Shareholder's loans	22	183,000	183,000
Lease liabilities		24,519	26,740
Amount due to a related company		–	40,000
Tax payable		–	188
		298,170	337,420
Liabilities directly associated with assets classified as held for sale		–	30,795
		298,170	368,215

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

as at 30 June 2020

	<i>Notes</i>	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Net current (liabilities)/assets		(37,157)	297,140
Total assets less current liabilities		192,450	538,787
Non-current liabilities			
Bank borrowings	21	15,964	11,707
Lease liabilities		31,455	34,305
Deferred tax liabilities		1,890	2,197
		49,309	48,209
Net assets		143,141	490,578
EQUITY			
Share capital		10,600	10,600
Reserves		132,049	224,937
Equity attributable to the owners of the Company		142,649	235,537
Non-controlling interests		492	255,041
Total equity		143,141	490,578

Guo Peineng
Executive Director

Zhao Yi
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2020

	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Statutory reserve HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Property revaluation reserve HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Equity attributable to the owners of the Company HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 January 2019 (audited)	10,600	346,824	5,657	120,985	11,508	3,600	(227,323)	271,851	210,507	482,358
Profit for the period	-	-	-	-	-	-	10,690	10,690	52,347	63,037
Other comprehensive income for the period:										
Loss on revaluation of land and building	-	-	-	-	(699)	-	-	(699)	-	(699)
Exchange differences arising on translating foreign operations	-	-	-	-	-	1,620	-	1,620	1,175	2,795
Total comprehensive income for the period	-	-	-	-	(699)	1,620	10,690	11,611	53,522	65,133
Transfer to statutory reserve	-	-	636	-	-	-	(636)	-	-	-
At 30 June 2019 (unaudited)	10,600	346,824	6,293	120,985	10,809	5,220	(217,269)	283,462	264,029	547,491
At 1 January 2020 (audited)	10,600	346,824	6,293	120,985	158	(249,323)	235,537	255,041	490,578	
Loss for the period	-	-	-	-	-	-	(97,329)	(97,329)	(621)	(97,950)
Other comprehensive loss for the period:										
Exchange differences arising on translating foreign operations	-	-	-	-	-	(4,601)	-	(4,601)	(5,021)	(9,622)
Translation reserve released upon disposal of subsidiaries	-	-	-	-	-	9,042	-	9,042	-	9,042
Total comprehensive loss for the period	-	-	-	-	-	4,441	(97,329)	(92,888)	(5,642)	(98,530)
Transactions with equity holders in their capacity as owners:										
Disposal of subsidiaries (Note 24)	-	-	(6,293)	-	-	-	6,293	-	(248,907)	(248,907)
At 30 June 2020 (unaudited)	10,600	346,824	-	120,985	4,599	(340,359)	142,649	492	143,141	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Cash flows from operating activities		
Cash (used in)/generated from operations	(89,404)	8,115
Interest paid	(3,055)	(2,004)
Tax paid	(56)	–
<i>Net cash (used in)/generated from operating activities</i>	(92,515)	6,111
Cash flows from investing activities		
Interest received	1	–
Purchase of property, plant and equipment	(9,043)	(4,136)
Acquisition of subsidiary, net of cash acquired	1,092	–
Proceeds from disposal of discontinued operation	138,000	–
<i>Net cash generated from/(used in) investing activities</i>	130,050	(4,136)
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(5,356)	(17,638)
Repayment of bank borrowings	(1,030)	–
Repayment of other loan payables	–	(1,046)
Repayment of amounts due to related companies	(100,000)	–
Proceed from shareholder's loans	–	5,000
Proceed from amounts due to a related company	60,000	–
Proceed from bank borrowings	7,472	–
<i>Net cash used in financing activities</i>	(38,914)	(13,684)
Net decrease in cash and cash equivalents	(1,379)	(11,709)
Cash and cash equivalents at 1 January	25,326	28,716
Effect of exchange rates changes on cash and cash equivalents	(93)	(244)
Cash and cash equivalents at 30 June	23,854	16,763

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

for the six months ended 30 June 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Eagle Legend Asia Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at 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 Unit 3610, 36/F., The Center, 99 Queen’s Road Central, Central, Hong Kong. The Company is an investment company and its subsidiaries (collectively known as the “Group”) are 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 (the “Construction Equipment Business”); (ii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings (the “Plantation Business”) and (iii) property development. The Group had classified the Plantation Business as discontinued operations during the year ended 31 December 2019. On 24 June 2020 (the “Disposal Date”), the Group had completed the disposal of the Plantation Business and, as a result, ceased to engage in such 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.

The interim financial report for the six months ended 30 June 2020 (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 of the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”).

At the end of reporting period, the Group’s current liabilities exceeded its current assets by approximately HK\$37,157,000. The directors of the Company (the “Directors”) consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 30 June 2020, on the basis that the immediate and ultimate holding company of the Company shall not demand repayment of the unsecured shareholder’s loans due by the Group of approximately HK\$183,000,000 as at 30 June 2020 until such time when repayment will not affect the Group’s ability to repay other creditors in the normal course of business. 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.

The Group has dispute with the non-controlling shareholders of Guangdong Dahe Biological Technologies Limited (廣東大合生物科技股份有限公司) (“Guangdong Dahe”). At such, the Company has been unable to have access to the complete sets of books and records together with supporting documents of Guangdong Dahe since 1 December 2019.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

The preparation of the interim financial report in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

The interim financial report is presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The interim financial report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements (the “2019 Annual Financial Statements”). The interim financial report and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the 2019 Annual Financial Statements.

The presentation of comparative information in respect of the condensed consolidated statement of profit or loss and other comprehensive income for the period ended from 1 January 2019 to 30 June 2019 has been restated in order to disclose the discontinued operations separately from continuing operations.

As the restatements do not affect the condensed consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 January 2019.

2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those used in 2019 Annual Financial Statements, except as described below:

Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Construction license	3 years
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The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

2. ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Intangible assets, with finite useful lives, are tested for impairment as described below:

Impairment of intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of the intangible assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of the intangible assets is estimated to be less than its carrying amount, the carrying amount of the intangible assets is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

For the purposes of assessing impairment, where the intangible assets do not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Where an impairment loss subsequently reverses, the carrying amount of the intangible assets is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Properties under development

The leasehold land element of properties under development is as a right-of-use asset. Properties under development are stated at the lower of cost and net realisable value. Properties under development are intended to be held for sale after completion. They are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2020

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of the interim financial report, certain new and amended HKFRSs have been published but are not yet effective as following:

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁶
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ³
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ³

1 Effective for annual periods beginning on or after 1 June 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 January 2022

4 Effective date not yet determined

5 Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022

6 Effective for annual periods beginning on or after 1 January 2023

Other than Amendments to HKFRS 16, the Group has not applied any new and amended HKFRSs that are not yet effective for the current accounting period.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

Amendments to HKFRS 16 “Covid-19-Related Rent Concessions”

Amendments to HKFRS 16 only apply to lessee accounting and have no effect on lessor accounting. The amendments add a practical expedient to provide a relief for lessees to bypass the need to carry out an assessment to decide whether a Covid-19 related rent concession received is a lease modification or not and allow lessees to account for such rent concessions as if the change was not a lease modification.

This practical expedient is only applicable to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) there is no substantive change to other terms and conditions of the lease.

A lessee that chooses to apply this practical expedient would be required to apply it consistently to all lease contracts with similar characteristics and in similar circumstances. Additional disclosures are required if this practical expedient are used.

Amendments to HKFRS 16 is effective for annual reporting period beginning on or after 1 June 2020. A lessee shall apply the amendments retrospectively, recognising the cumulative effect of initial applying the amendment as an adjustment to the opening balance of retained profits (or other component of equity, as appropriate) at the beginning of the annual period in which the lessee first applies the amendments. Earlier application is permitted (including in the financial statements, interim or annual, not authorised for issue at 4 June 2020).

The Group had early adopted this amendment and had no impact on the opening balance of equity at 1 January 2020. The Group applies the practical expedient to all qualifying Covid-19-related rent concessions granted to the Group during the Period. The lessor of lease liabilities granted a deferral of repayment of lease liabilities of six months of approximately HK\$1,131,000. Approximately HK\$375,000 related to the repayment during the Period was deferred.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2019 Annual Financial Statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

5. 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.

The Plantation Business (the "Disposal Group") was discontinued and classified as held for sale as at 31 December 2019. Information about the discontinued operations is provided in note 11. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to present the results of the Disposal Group as discontinued operations.

On 24 April 2020, the Group acquired a land for property development. The Group considered that property development is an individual operating segment.

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

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

	Unaudited												Total HK\$'000
	Continuing operations						Discontinued operations						
	Construction Equipment Business					Inter segment elimination	Property Development		Plantation Business				
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000		Hong Kong HK\$'000	Sub-total HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Sub-total HK\$'000		
Six months ended 30 June 2020													
Revenue													
From external customers	20,026	30,726	-	-	4,018	-	54,770	-	54,770	-	-	-	54,770
From inter segment	988	-	-	-	-	(988)	-	-	-	-	-	-	-
Reportable segment revenue	21,014	30,726	-	-	4,018	(988)	54,770	-	54,770	-	-	-	54,770
Reportable segment (loss)/profit	(9,565)	57	(49)	(20)	(1,122)	-	(10,699)	(1,401)	(12,100)	(1,234)	-	(1,234)	(13,334)
Loss on disposal of subsidiaries							-	-	-			(68,272)	(68,272)
Interest on shareholder's loans							(9,075)	-	(9,075)			-	(9,075)
Unallocated corporate expenses													
- Corporate staff costs							(3,405)	-	(3,405)			-	(3,405)
- Others							(3,864)	-	(3,864)			-	(3,864)
Loss for the period							(27,043)	(1,401)	(28,444)			(69,506)	(97,950)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

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

	Unaudited												
	Continuing operations							Discontinued operations					
	Construction Equipment Business					Inter segment elimination	Property Development		Plantation Business			Total	
	Hong Kong	Singapore	Vietnam	Macau	PRC		Hong Kong	Sub-total	Hong Kong	PRC	Sub-total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 30 June 2020													
Reportable segment assets	208,831	158,763	82	148	24,004	(2,510)	389,318	86,295	475,613	-	-	-	475,613
Other unallocated segment asset							15,007	-	15,007				15,007
Total assets							404,325	86,295	490,620				490,620
Reportable segment liabilities	50,927	58,796	254	40	21,146	-	131,163	47	131,210	-	-	-	131,210
Shareholder's loans							183,000	-	183,000				183,000
Other unallocated segment liability							33,269	-	33,269				33,269
Total liabilities							347,432	47	347,479				347,479

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

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

	Unaudited										
	Continuing operations							Discontinued operations			
	Construction Equipment Business							Plantation Business			
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Inter segment elimination HK\$'000	Sub-total HK\$'000 (Restated)	Hong Kong HK\$'000	PRC HK\$'000	Sub-total HK\$'000 (Restated)	Total HK\$'000
Six months ended 30 June 2019											
Revenue											
From external customers	35,678	26,513	-	-	-	-	62,191	-	29,189	29,189	91,380
From inter segment	-	-	-	-	-	-	-	-	-	-	-
Reportable segment revenue	35,678	26,513	-	-	-	-	62,191	-	29,189	29,189	91,380
Reportable segment (loss)/profit	(5,290)	(6,688)	(62)	(19)	-	-	(12,059)	(1)	88,461	88,460	76,401
Interest on shareholder's loans							(8,958)				(8,958)
Unallocated corporate expenses											
- Corporate staff costs							(3,476)				(3,476)
- Others							(930)				(930)
(Loss)/Profit for the period							(25,423)			88,460	63,037
Audited											
At 31 December 2019											
Reportable segment assets	132,706	175,208	130	154	9,400	(2,510)	315,088	122	578,302	578,424	893,512
Other unallocated segment asset							13,490				13,490
Total assets							328,578			578,424	907,002
Reportable segment liabilities	105,478	69,852	254	27	8,835	-	184,446	-	30,795	30,795	215,241
Shareholder's loans							183,000				183,000
Other unallocated segment liability							18,183				18,183
Total liabilities							385,629			30,795	416,424

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

5. SEGMENT INFORMATION *(Continued)*

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

In the following table, revenue is disaggregated by primary geographical markets of which the external customers from. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segment.

	For the six months ended 30 June					
	Continuing operations			Discontinued operations		
	Construction Equipment Business		Plantation Business		Total	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Primary geographical markets						
Hong Kong (place of domicile)	20,026	35,678	–	–	20,026	35,678
Singapore	26,327	21,520	–	–	26,327	21,520
Vietnam	–	4,008	–	–	–	4,008
PRC	4,019	–	–	29,189	4,019	29,189
Sri Lanka	88	979	–	–	88	979
Korea	832	6	–	–	832	6
Holland	1,202	–	–	–	1,202	–
Indonesia	65	–	–	–	65	–
United Arab Emirates	2,211	–	–	–	2,211	–
Total	54,770	62,191	–	29,189	54,770	91,380

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

6. REVENUE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Revenue from Contract with Customers within the scope of HKFRS 15:		
Sales of machinery	6,777	14,671
Sales of spare parts	1,266	2,796
Service income	11,554	19,900
	19,597	37,367
Revenue from other sources:		
Rental income from leasing of owned machinery and right-of-use assets	31,523	24,824
Rental income from subleasing of plant and machinery	3,650	–
	35,173	24,824
	54,770	62,191
Discontinued operations		
Revenue from Contract with Customers within the scope of HKFRS 15:		
Sales of dried exocarpium citri grandis (“Dried Fruits”) (Note 11)	–	29,189
	54,770	91,380

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

6. REVENUE *(Continued)*

In following table, revenue is disaggregated by timing of revenue recognition. The table also includes revenue from other sources and a reconciliation of the disaggregated revenue within the Group's reportable segment.

	For the six months ended 30 June					
	Continuing operations		Discontinued operations			
	Construction		Plantation Business		Total	
	Equipment Business					
2020	2019	2020	2019	2020	2019	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	(Restated)		(Restated)		(Restated)	
Timing of revenue recognition						
At a point in time	8,043	17,467	–	29,189	8,043	46,656
Transferred over time	11,554	19,900	–	–	11,554	19,900
	19,597	37,367	–	29,189	19,597	66,556
Revenue from other sources	35,173	24,824	–	–	35,173	24,824
	54,770	62,191	–	29,189	54,770	91,380

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Bank interest income	1	–
Compensation received	–	272
Gain on disposal of property, plant and equipment	3	–
Exchange gain, net	–	318
Recovery of impairment loss on trade receivables, net	305	241
Recovery of impairment loss on other receivables, net	1	–
Government subsidy	813	–
Others	248	340
	1,371	1,171
Discontinued operations		
Bank interest income	–	155
Government grants		
– for property, plant and equipment	–	613
– relating to unconditional subsidies	–	58
	–	826
	1,371	1,997

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

8. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Depreciation of property, plant and equipment:		
– Owned assets	13,122	9,456
Depreciation of right-of-use assets	10,222	11,183
Amortisation of intangible assets	282	–
	23,626	20,639
Discontinued operations		
Depreciation of property, plant and equipment:		
– Owned assets	–	9,451
Depreciation of right-of-use assets	–	56
Maintenance cost of mature bearer plants	–	11,111
Written off of mature bearer plants	–	3,018
	–	23,636
	23,626	44,275

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

9. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Interest charges on financial liabilities stated at amortised cost:		
– Bank borrowings	206	193
– Shareholder's loans	9,075	8,958
– Lease liabilities	1,403	1,775
– Amounts due to related companies	1,446	–
	12,130	10,926
Discontinued operations		
Interest charges on financial liabilities stated at amortised cost:		
– Lease liabilities	–	36
	12,130	10,962

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

10. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations		
Depreciation of property, plant and equipment		
– Owned assets	13,122	9,456
Depreciation of right-of-use assets	10,222	11,183
Amortisation of intangible assets	282	–
Recovery of impairment loss	(306)	(241)
Leases charges in respect of the premise (Note)	168	548
Employee costs, included in cost of sales and services and administrative expenses		
– Wages, salaries and bonus	19,973	17,157
– Contribution to defined contribution plans	1,137	1,500
Exchange loss/(gain), net	2,922	(318)
Discontinued operations		
Depreciation of property, plant and equipment		
– Owned assets	–	9,451
Depreciation of right-of-use assets	–	56
Maintenance cost of mature bearer plants	–	11,111
Written off of mature bearer plants	–	3,018
Employee costs, included in cost of sales and services and administrative expenses		
– Wages, salaries and bonus	–	1,862
– Contribution to defined contribution plans	–	–

Note: The premise is determined as short-term lease with remaining lease term ending within six months from the reporting date.

11. DISCONTINUED OPERATIONS

Management of the Company have repeatedly made verbal and written requests to Guangdong Dahe and paid physical on-site visits, the Company has been refused access to Guangdong Dahe's plantation site from 28 December 2019. The Company has been unable to have access to the complete sets of books and records together with supporting documents of Guangdong Dahe since 1 December 2019. The financial results of Guangdong Dahe for the period from 1 January 2019 to 30 November 2019 is included in the consolidated accounts of the Group for the year ended 31 December 2019. In addition, the assets and liabilities of the Guangdong Dahe are de-consolidated from the balance sheet of the Group and separately shown as assets classified as held for sale and liabilities associated with assets held for sale, respectively (note 23). On 20 December 2019, the board of directors of the Company resolved to dispose of the Plantation Business.

On 24 February 2020, the Group and a purchaser (the "Purchaser"), who is one of the shareholders of Best Earnest Investments Limited (佳誠投資有限公司)("Best Earnest") and the Company, entered into an agreement, pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire 51% of the issued shares of Best Earnest owned by the Group for a total consideration of HK\$230,000,000 (the "Disposal"). The Disposal was completed on the Disposal Date.

Further details of the Disposal were disclosed in the Company's circular dated 7 May 2020 and the Company's announcements dated 24 February, 6 and 19 March, 22 May as well as 8 and 10 July 2020 respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

11. DISCONTINUED OPERATIONS *(Continued)*

Analysis of (loss)/profit for the period from discontinued operations

The results of the discontinued operations included in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	From 1 January 2020 to 24 June 2020 HK\$'000 (Unaudited)	From 1 January 2019 to 30 June 2019 HK\$'000 (Unaudited) (Restated)
Revenue (Note 6)	–	29,189
Cost of sales	–	(9,724)
Gross profit	–	19,465
Gain arising from changes in fair value less costs to sell of biological assets	–	94,581
Other income (Note 7)	–	826
Selling and distribution expenses	–	(27)
Administrative expenses	(1,234)	(2,713)
Other operating expenses (Note 8)	–	(23,636)
Finance costs (Note 9)	–	(36)
(Loss)/Profit before income tax	(1,234)	88,460
Income tax expense	–	–
(Loss)/Profit after income tax from discontinued operations	(1,234)	88,460
(Loss)/Profit for the period from discontinued operations	(1,234)	88,460
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(8,481)	2,655
Translation reserve released upon disposal of subsidiaries	9,042	–
Other comprehensive income for the period from discontinued operations	561	2,655
Total comprehensive (loss)/income for the period from discontinued operations	(673)	91,115
Operating cash flows	(1,594)	(1,430)
Investing cash flows	–	(11,844)
Financing cash flows	36	1
Total cash outflows	(1,558)	(13,273)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

11. DISCONTINUED OPERATIONS *(Continued)*

Analysis of (loss)/profit for the period from discontinued operations *(Continued)*

The carrying amounts of the assets and liabilities of Best Earnest and its subsidiaries (the “Best Earnest Group”), mainly includes Guangdong Dahe, have been classified and accounted for as a disposal group held for sale as at 31 December 2019 and the Disposal Date, for details, please refer to note 23.

12. INCOME TAX CREDIT

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Total	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Current tax						
– Over-provision for PRC enterprise income tax	132	–	–	–	132	–
Deferred tax						
– Current period	307	1,868	–	–	307	1,868
Total income tax credit	439	1,868	–	–	439	1,868

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 in respective jurisdictions 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 periods.

13. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the Period (2019: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

14. (LOSS)/EARNINGS PER SHARE

(i) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period:

	2020	2019
Basic and diluted loss per share from continuing operations (HK cents)	(2.68)	(2.40)
Basic and diluted (loss)/earnings per share from discontinued operations (HK cents)	(6.50)	3.41
Basic and diluted (loss)/earnings per share from continuing and discontinued operations (HK cents)	(9.18)	1.01

Diluted (loss)/earnings per share equals to basic (loss)/earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2019 and 2020.

(ii) Reconciliations of (loss)/profit used in calculating (loss)/earnings per share

	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Basic and diluted (loss)/earnings per share		
(Loss)/Profit attributable to equity holders of the Company		
– Continuing operations	(28,428)	(25,402)
– Discontinued operations	(68,901)	36,092
	(97,329)	10,690

(iii) Weighted average number of shares used as the denominator

	2020	2019
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share	1,060,000,000	1,060,000,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

15. CAPITAL EXPENDITURES

During the Period, the Group incurred capital expenditures of approximately HK\$9,043,000 and HK\$Nil (2019: approximately HK\$12,429,000 and HK\$3,706,000) which were mainly related to the additions of property, plant and equipment and payments for plantation costs and others to immature bearer plants respectively. Addition to right-of-use assets was approximately HK\$1,107,000 (2019: HK\$Nil) due to entering into new leases during the Period.

16. INTANGIBLE ASSETS

	Construction licenses HK\$'000
At 1 January 2020 (audited)	–
Addition	3,288
Amortisation	(282)
At 30 June 2020 (unaudited)	3,006
Cash outflow:	
Consideration payable	4,380
Bank balances and cash acquired of	(1,092)
Net cash outflow	3,288

The Group acquired all the issued shares of a company (the “Target Company”) during the Period (the “Acquisition”). On the acquisition date, the Target Company was inactive and had construction licenses. The Target Company had approximately HK\$1,092,000 of cash and cash equivalents only on the acquisition date. The Acquisition was recognised as acquisition of assets. Construction licenses were recognised as intangible assets. The consideration of the Acquisition was approximately HK\$4,380,000 and was included in receipt in advance, accruals and other payables on 30 June 2020. Total cash inflow of the Acquisition was HK\$1,092,000 during the Period.

17. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within normal operating cycle included under current assets	86,295	–

The properties under development are all located in Hong Kong. No provision for impairment was made during the Period. The properties under development are expected to be completed and available for sale more than 12 months.

The properties under development include costs of acquiring rights to use certain lands, which are located in Hong Kong, for property development over fixed periods. Land use rights are held on leases of 50 years.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

18. BIOLOGICAL ASSETS

Biological assets represented exocarpium citri grandis growing on bearer plants (“Growing Produce”), harvested exocarpium citri grandis (“Fresh Fruits”) and seedlings of exocarpium citri grandis (“Seedlings”).

Biological assets were analysed as follows:

	Growing produce HK\$'000	Fresh fruits HK\$'000	Seedlings HK\$'000	Total HK\$'000
At 1 January 2019 (Audited)	–	–	6,052	6,052
Increase due to feeding (plantation costs and others)	–	–	287	287
Gain arising from changes in fair value less costs to sell	10,861	83,297	–	94,158
Transfer due to harvest	(10,861)	10,861	–	–
Transfer to inventories	–	(94,158)	–	(94,158)
Reclassify to assets held for sales	–	–	(6,254)	(6,254)
Exchange differences	–	–	(85)	(85)
At 31 December 2019 (Audited) and 30 June 2020 (Unaudited)	–	–	–	–

There were no biological assets on 30 June 2020, as they were disposed through the disposal of Best Earnest Group completed on 24 June 2020.

19. TRADE RECEIVABLES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade receivables, gross	37,177	44,013
Less: Loss allowance	(617)	(930)
Trade receivables, net	36,560	43,083

The Group’s trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 60 days (2019: 0 to 60 days) or based on the terms agreed in the relevant sales and rental agreements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

19. TRADE RECEIVABLES *(Continued)*

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
0-30 days	11,799	12,004
31-60 days	8,838	18,063
61-90 days	3,487	5,305
Over 90 days	12,436	7,711
	36,560	43,083

The movement in the loss allowance for trade receivables during the period is as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Unaudited)
At 1 January	930	1,515
Impairment loss recognised	96	636
Recovery of impairment	(401)	(877)
Net exchange differences	(8)	2
At 30 June	617	1,276

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

20. TRADE 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 payables as at the reporting date, based on the invoice date, is as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
0-30 days	3,325	5,851
31-60 days	3,533	12,233
61-90 days	1,225	10,828
Over 90 days	12,117	6,806
	20,200	35,718

21. BANK BORROWINGS

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Bank borrowings repayable:		
Within one year	3,836	2,153
More than one year, but not exceeding two years	3,983	2,213
More than two years, but not exceeding five years	10,782	7,021
More than five years	1,199	2,473
	19,800	13,860
Portion classified as current liabilities	(3,836)	(2,153)
Non-current portion	15,964	11,707

Bank borrowings denominated in Singapore dollars and Renminbi bore interest at variable interest rates with effective interest rate at 2.48% to 4.95% (At 31 December 2019: 2.5% to 2.8%) per annum.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

21. BANK BORROWINGS *(Continued)*

At 30 June 2020, bank borrowings of the Group was secured by building and machineries with carrying amount of approximately HK\$30,143,000 and HK\$8,272,000 respectively (At 31 December 2019: approximately HK\$32,082,000 and HK\$Nil) and corporate guarantees executed by the Company and certain subsidiaries.

No provision for the obligation of the Company and certain subsidiaries under corporate guarantees have been made as the Directors considered that it is not probable the repayment of bank borrowings would be in default.

At 31 December 2019 and 30 June 2020, the relevant loan agreements of outstanding bank borrowings did not contain any clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

22. 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 an 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.

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.

On 24 April 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 25 April 2019, HK\$2,500,000 was drawn down by the Company.

Mr. Zeng Li who is the sole director of the immediate and ultimate holding company of the Company. Mr. Zeng Li was also the director of the Company and resigned on 6 December 2019.

Shareholder's loans were not secured by any assets of the Group. In the opinion of the Directors, the shareholder's loans were granted to the Company on normal commercial terms or better to the Company.

The immediate and ultimate holding company of the Company shall not demand repayment of the unsecured shareholder's loans due by the Group as at 30 June 2020 until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

23. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As referred to in note 11, the Company has been refused access to Guangdong Dahe's plantation site from 28 December 2019. The Company has been unable to have access to the complete sets of books and records together with supporting documents of Guangdong Dahe since 1 December 2019. On 20 December 2019, the board of directors of the Company resolved to dispose the Plantation Business.

On 24 February 2020, the Group and a purchaser, who is one of the shareholder of Best Earnest and the Company, (the "Purchaser") entered into the Agreement, pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the shares for a total consideration of HK\$230,000,000 (the "Disposal"). The Disposal was completed on 24 June 2020. Further details of the Disposal were disclosed in the Company's circular dated 7 May 2020 and the Company's announcements dated 24 February, 6 and 19 March, 22 May as well as 8 and 10 July 2020 respectively. Based on the latest available financial information, the net assets disposed of on the Disposal Date were set out as follows:

	24 June 2020 HK\$'000
Property, plant and equipment	220,608
Right-of-use assets	1,078
Inventories and consumables	147,465
Biological assets	6,142
Trade receivables	26,154
Prepayments, deposits and other receivables	7,902
Cash and cash equivalents	85,340
Goodwill	74,701
Assets classified as held for sale	569,390
Trade payables	12,458
Receipt in advance, accruals and other payables	10,956
Lease liabilities	1,125
Deferred government grant	8,042
Liabilities associated with assets classified as held for sale	32,581
Net assets classified as held for sale	536,809

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

24. DISPOSAL OF SUBSIDIARIES

	HK\$'000
Loss on disposal of subsidiaries:	
Consideration received/receivable	230,000
Net assets disposed of	(536,809)
Non-controlling interests	248,907
Less: Translation reserve	(9,042)
Less: Transaction costs attributable to the disposal	(1,328)
Net loss on disposal	(68,272)
Cash inflow arising on disposal:	
Consideration received/receivable	230,000
Bank balances and cash disposed of	(85,340)
Net cash inflow	144,660

* Consideration of HK\$138,000,000 was received during the six months ended 30 June 2020. The net cash inflow during the six months ended 30 June 2020 was HK\$52,660,000. Consideration receivable of HK\$92,000,000, which is include in prepayments, deposits and other receivables on 30 June 2020, is subsequently settled after the reporting date.

25. COMMITMENTS

25.1 Lease commitment – as lessor

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within one year	35,530	40,151
In the second to fifth years, inclusive	5,258	5,220
	40,788	45,371

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

25. COMMITMENTS *(Continued)*

25.1 Lease commitment – as lessor *(Continued)*

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within one year	537	673

In prior period, the Group leased its machinery under operating leases arrangements which run for an initial period of one to two years. All leases were on a fixed rental basis and did not include contingent rentals. The terms of leases generally required the lessee to pay security deposits.

25.2 Lease commitment - as lessee

At 30 June 2020 and 31 December 2019, the total future minimum lease payments related to short-term leases were as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within one year	1,576	194

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

25. COMMITMENTS *(Continued)*

25.3 Capital commitment

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Acquisition of property, plant and equipment – contracted but not provided for	20,433	751

26. RELATED PARTY TRANSACTIONS

26.1 Significant related party transactions during the Period

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following transactions with its related parties during the Period:

Related party relationships	Type of transactions	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
The immediate and ultimate holding company of the Company	Interest expense on shareholder's loans	9,075	8,958
Subsidiaries of the beneficial owner	Interest expenses on amounts due to related companies	1,446	–

During the Period, the Group had entered into a loan agreement with a related company to obtain a loan of HK\$60,000,000 bearing an interest at 15% per annum. The loan was fully settled during the Period.

The terms and conditions of the shareholder's loans are set out in note 22.

The transactions were conducted in the normal course of business at prices and terms mutually agreed by the Company and the related parties.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

26. RELATED PARTY TRANSACTIONS *(Continued)*

26.2 Key management personnel compensations

The remuneration of the Directors and other members of key management during the Period was as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Directors and other members of key management:		
Short-term employee benefits	4,727	2,682
Post employment benefits	63	45
	4,790	2,727

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at cost or amortised cost

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2020 and 31 December 2019.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

for the six months ended 30 June 2020

28. SIGNIFICANT EVENT DURING THE PERIOD

On 25 November 2019, Vast Bloom Investment Limited (大旺投資有限公司) (the “Subsidiary”), an indirect 51% owned subsidiary of the Company, which holds a 80% equity interest in Guangdong Dahe, received a notice dated 19 November 2019 from the Intermediate People’s Court of Maoming City, Guangdong Province (廣東省茂名市中級人民法院) (the “Court”) regarding the proceedings relating to the dispute among the shareholders initiated by the minority shareholders of Guangdong Dahe. The Subsidiary holds a 80% equity interest in Guangdong Dahe (the “Court Proceedings”). In response to the Court Proceedings, the Subsidiary petitioned to the Court for the winding-up of Guangdong Dahe on 4 December 2019. As disclosed in note 11, on 20 December 2019, the board of directors of the Company resolved to dispose of the Plantation Business. The Company disposed the Plantation Business, including the Subsidiary, on 24 June 2020. Further details of the Disposal were disclosed in the Company’s circular dated 7 May 2020 and the Company’s announcements dated 24 February, 6 and 19 March, 22 May 2020, 8 and 10 July 2020 respectively. As at the Disposal Date, the Court Proceedings and the winding-up petition were in progress.

29. EVENT AFTER REPORTING DATE

The performance of the Group were affected by the outbreak of Covid-19 since early 2020. It is noted that construction works in several construction sites in Hong Kong could only maintain limited operation or are forced to suspension. Accordingly, the execution of certain new contracts of the Group in relation to the leasing and servicing of tower cranes was postponed as customers in Hong Kong and the PRC postponed their operation due to the outbreak. By contrast, Singapore is less affected by the outbreak. Construction sites operated by customers of the Group in Singapore are currently in normal operation, as such the Group’s business in Singapore has so far not been affected. At the date of this report, it has remained uncertain when the pandemic will end. The Group will continue to pay close attention to the development of the Covid-19 and perform further assessment on its impact and take relevant measures.

The Group’s estate right title benefit and interest of the leasehold land with a carrying amount of HK\$85,900,000 (2019: HK\$Nil) were pledged to secure a bank borrowing granted to the Group on 24 July 2020.

30. APPROVAL OF THE INTERIM FINANCIAL REPORT

The interim financial report for six months ended 30 June 2020 were approved and authorised for issue by the Board on 26 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The board of directors of Eagle Legend Asia Limited (the “Company”, the “Directors” and the “Board”, respectively) has resolved not to declare the payment of an interim dividend in respect of the six months ended 30 June 2020 (the “Period”) (six months ended 30 June 2019: Nil).

OVERALL GROUP RESULTS

For the Period, the Group generated revenue from continuing operations of approximately HK\$54.8 million (six months ended 30 June 2019: approximately HK\$62.2 million) with a loss for the Period from continuing operations of approximately HK\$28.4 million (six months ended 30 June 2019: loss of approximately HK\$25.4 million).

The decrease in the revenue from continuing operations for the Period was mainly attributable to the decrease in sale of new cranes.

Revenue from sales of machinery of approximately HK\$6.8 million was recorded for the Period, representing a decrease of approximately 54% of the amount we achieved in the six months ended 30 June 2019. This was due to the decrease in demands of new cranes in Hong Kong and Singapore.

Our rental income increased to approximately HK\$35.2 million for the Period, representing an increase of approximately 42% as compared with approximately HK\$24.8 million for the six months ended 30 June 2019.

Sales of spare parts of approximately HK\$1.3 million was recorded for the Period, representing a decrease of approximately 55% from the amount recorded for the same period in 2019. The decrease was mainly due to the change in market demand of spare parts for the machinery. Service income was recorded at approximately HK\$11.6 million for the Period, approximately 42% lower than that of approximately HK\$19.9 million for the same period in 2019. This was due to the decrease in demand for services including chargeable climbing and dismantling activities during the Period.

As at 30 June 2020, the Group had one property development project under development in Hong Kong and it commenced in the second quarter of 2020. There was no sale during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Group's Property Project as at 30 June 2020

Project name	Location/ Postal address	Interests Attributable to the Group	Total Site Area (sq. ft.)	Status	Estimated year of completion <i>(Note)</i>	Usage
Mong Kok	Lot No. 11238 at Reclamation Street and Shanghai Street, Mong Kok, Kowloon, Hong Kong	100%	2,718	Under development	February 2024	Residential

Note: The estimated year of completion is made based on the present situation and progress of the project.

Analysis of Properties Under Development as at 30 June 2020

Project name	Total GFA* (sq. ft.)	GFA* under development/ completed (sq. ft.)	Total Saleable GFA* (sq. ft.)	Accumulated GFA* sold as at 30 June 2020 (sq. ft.)	Accumulated GFA* delivered as at 30 June 2020 (sq. ft.)	Average Selling Price (HK\$/sq. ft.)
Mong Kok	22,594	0	12,279	0	0	0

* GFA means gross floor area

Overall, the Group incurred total administrative and other operating expenses from continuing operations of approximately HK\$51.0 million for the Period, representing an increase of approximately 21% over the amount incurred in the six months ended 30 June 2019.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OUTLOOK

The COVID-19 epidemic (the “Epidemic”), has had an impact on the global economy over the past six months, with the construction industry in particular facing significant challenges due to the closure of the construction sites. The Group has construction sites in Hong Kong, Singapore and China. Despite short term pressure on its financial results due to the Epidemic, the Group has been able to expand against all odds as government authorities around the world have been committed to containing the impact of the Epidemic and work activities are gradually resumed. The market continues its demand for tower cranes that are large and heavy, with 2020 being the first point in time for completing the targets set out in the PRC’s prefabricated construction policy, which are aggressively pursued by local governments across the PRC. In Singapore, due to the outbreak of the Epidemic in non-local workers’ quarters, the government will facilitate templatisation of construction process to reduce the number of workers on construction sites, which will once again increase the demand for large and heavy tower cranes. Buildings that are created by assembling prefabricated components on sites are characterised by its resemblance with “assembling buildings with toy blocks”. This approach significantly reduces reliance on manual labour, reduces pollution and controls energy consumption, and is an inevitable transformation for the construction industry. During the first half of the year, the Group endeavoured to sell low-tonnage, old equipment and replace a number of large-tonnage tower cranes, and signed several new contracts with customers for the rental and servicing of tower cranes. However, with the gradual control of the Epidemic and resumption of work at construction sites, the Group is confident that revenue from tower crane leasing and servicing will grow in the future.

In April 2020, the Group successfully bid for a residential site on Reclamation Street and Shanghai Street in Mongkok, Hong Kong at a price of HK\$85.9 million, which was approximately 30% below the expected bottom market price. The project has a total site area of approximately 2,718 sq. ft. and a capacity building area of approximately 24,461 sq. ft., which equates to a land premium of HK\$3,512 per sq. ft. Compared with the previous bid price of HK\$7,710 per sq. ft. for a land in the neighbouring area, the Group has demonstrated its enormous strength in reducing the land cost of this project. It is expected that the project will be completed in early 2024. The site is ideally located in Mongkok, which is well served by surrounding facilities and has a high pedestrian flow. The successful land acquisition marks the beginning of Eagle Legend’s journey from zero to one in Hong Kong’s real estate industry. It will help the Group to expand its presence into a wide range of real estate sectors, including the sale and leasing of construction machinery and equipment, as well as property development, and will create synergies.

On 24 June 2020, the disposal of the Group’s Plantation Business was successfully completed, which further facilitates the Group’s business plan to return to the construction industry. Looking forward, there are uncertainties in global economic growth. The Group will continue to monitor and review its existing businesses and proactively formulate appropriate strategies to explore new business opportunities in the market, with a view to expanding its business scope and bringing satisfactory returns to the shareholders of the Company in the long run.

SUBSEQUENT EVENT AFTER REPORTING PERIOD

Save as disclosed in note 29 to the unaudited condensed consolidated interim financial statements set out in this report, the Group did not have any other material subsequent event after the reporting period and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$23.9 million (At 31 December 2019: approximately HK\$25.3 million).

As at 30 June 2020, the Group's total assets amounted to approximately HK\$490.6 million, representing a decrease of approximately HK\$416.4 million as compared to those of 31 December 2019.

The Group's gearing ratio as at 30 June 2020 was 1.8 (At 31 December 2019: 0.6), which is calculated by dividing the total debts (sum of carrying amounts of shareholder's loans, bank borrowings, amount due to a related company and lease liabilities) by the total equity as at the respective dates.

During the Period and as at 30 June 2020, 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. For foreign currency purchases, hedging arrangements against foreign exchange fluctuations may be entered into. However, no hedging arrangement was undertaken for revenue generated from our Singapore and the PRC operations.

As at 30 June 2020, the Group had net current liabilities of approximately HK\$37.2 million (At 31 December 2019: net current assets of approximately HK\$297.1 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 shareholder's loans, bank borrowings, amount due to a related company and lease liabilities) of the Group were denominated in HK\$ and Singapore dollar, of which approximately HK\$211.4 million is repayable within one year after 30 June 2020 (At 31 December 2019: approximately HK\$251.9 million) and approximately HK\$47.4 million is repayable more than one year after 30 June 2020 (At 31 December 2019: approximately HK\$46.0 million).

CAPITAL STRUCTURE

As at 30 June 2020, the Company's share capital comprised 1,060,000,000 issued ordinary shares with par value of HK\$0.01 each (the "Shares", each, a "Share"). There was no change in the share capital of the Company during the Period.

INVESTMENT POSITION AND PLANNING

During the Period, the Group spent approximately HK\$9.0 million and HK\$Nil for acquisition of plant and equipment and payments for plantation costs and others to immature bearer plants, respectively (2019: approximately HK\$12.4 million and HK\$3.7 million). Addition to right-of-use assets was approximately HK\$1.1 million (2019: HK\$Nil) due to entering into new leases during the Period.

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Pursuant to the respective written resolutions of the sole member and the sole director of Manta Services Management Limited (“Manta-Services”), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which had ceased business with effect from 31 December 2018, both dated 20 March 2019, it was resolved that an application be made to the Registrar of Companies in Hong Kong for deregistration of Manta-Services. Manta-Services was dissolved on 27 March 2020.

On 16 April 2020, the Group paid a sum of RMB4 million to acquire 100% issued share capital of 深圳鼎易建設工程有限公司 (Shenzhen Dingyi Construction Engineering Co., Ltd.*), a limited liability company (legal person sole investment) incorporated in Shenzhen, China, whose name was changed to 敏達器械設備安裝(深圳)有限公司 (Manta Equipment Installation (Shenzhen) Co., Ltd.*) on 2 June 2020. It provides construction work and related services in China.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARY

On 24 February 2020, Lucky Boom Investments Limited (the “Vendor”), a wholly-owned subsidiary of the Company, and He Xiaoyang (the “Purchaser”) entered into a sale and purchase agreement in relation to the disposal of 51% of the issued share capital of Best Earnest by the Vendor, for a total consideration of HK\$230 million. Best Earnest is indirectly holding 80% of the issued shares of Guangdong Dahe, a company principally engaged in the cultivation, research, processing and sales of exocarpium citri grandis (化橘紅) and its seedlings. Completion of the Disposal took place on 24 June 2020. Further details of the Disposal were disclosed in the Company’s circular dated 7 May 2020 and the Company’s announcements dated 24 February, 6 and 19 March, 22 May as well as 8 and 10 July 2020 respectively.

LITIGATIONS

Save as disclosed in note 28 to the unaudited condensed consolidated interim financial statements set out in this report, the Group did not have any other litigation up to the date of this report.

PLEDGE OF GROUP ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2020, the Group’s banking facilities were secured by a building and machineries of the Group with an aggregate carrying amount of approximately HK\$30.1 million and HK\$8.3 million respectively (At 31 December 2019: approximately HK\$32.1 million and HK\$Nil).

The Group’s estate right title benefit and interest of the leasehold land with a carrying amount of HK\$85.9 million (2019: HK\$Nil) were pledged to secure a bank borrowing granted to the Group at 24 July 2020.

As at 30 June 2020, the Group and the Company did not have any significant contingent liabilities (At 31 December 2019: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 107 (At 31 December 2019: 104) 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. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce.

* The English translation of the company names is for reference only. The official names of these entities are in Chinese.

DISCLOSURE OF ADDITIONAL INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)) as recorded in the register required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), (b) to be kept by the Company under section 352 of the SFO, or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”).

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

As at 30 June 2020, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons (other than the Directors and the chief executives of the Company) or corporations in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Nature of interests/ Holding capacity	Number of Shares	Approximate percentage of issued Shares <i>(Note 1)</i>
Substantial Shareholders:			
Harbour Luck Investments Limited ("Harbour Luck")	Beneficial owner	324,400,000	30.60%
Mr. Zeng Li	Interest of controlled corporation	324,400,000 <i>(Note 2)</i>	30.60%
Excel Range Investments Limited ("Excel Range")	Beneficial owner	275,600,000	26.00%
Ms. Kwok Hiu Ting	Interest of controlled corporation	275,600,000 <i>(Note 3)</i>	26.00%
Ms. Kwok Hiu Yan	Interest of controlled corporation	275,600,000 <i>(Note 3)</i>	26.00%
Ms. Kwok Ho Lai	Interest of controlled corporation	275,600,000 <i>(Note 3)</i>	26.00%
Other Person:			
Mr. He Xiao Yang	Beneficial owner	100,000,000	9.43%

DISCLOSURE OF ADDITIONAL INFORMATION *(Continued)*

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

1. The percentage is calculated on the basis of 1,060,000,000 Shares in issue as at 30 June 2020.
2. Mr. Zeng Li is the sole shareholder and sole director of Harbour Luck and is deemed to be interested in the 324,400,000 Shares in which Harbour Luck is interested under the SFO.
3. Ms. Kwok Hiu Ting, Ms. Kwok Hiu Yan and Ms. Kwok Ho Lai are deemed to be interested through the interest of controlled corporation, Excel Range as each of them hold one-third of the issued share capital of Excel Range.

Save as disclosed above, as at 30 June 2020, there were no other persons who (other than the Directors or the chief executives of the Company) or corporations which had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its holding companies and subsidiaries a party to any arrangement to enable the Directors or the chief executives of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

At the extraordinary general meeting held on 30 July 2015, the Company adopted a new share option scheme (the "Share Option Scheme") to replace the old share option scheme adopted on 25 June 2010 (the "Old Scheme") for the purpose of providing an incentive and/or a reward to eligible participants for their contribution to, and continuing efforts to promote the interest of, the Group. The eligible participants include (a) full-time or part-time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group); (b) any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group; and (c) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Further details of the Share Option Scheme are set out in the Company's circular dated 13 July 2015.

DISCLOSURE OF ADDITIONAL INFORMATION *(Continued)*

SHARE OPTION SCHEME *(Continued)*

The principal terms of the Share Option Scheme are as follows:

- (i) The total number of Shares which may be allotted and issued upon exercise in full of the options to be granted under the Share Option Scheme (the “Share Option(s)”) and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue on the adoption date (i.e. 30 July 2015), unless the Company obtains the approval of the shareholders of the Company (the “Shareholders”) in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled and lapsed in accordance with the such schemes or exercised options) will not be counted for the purpose of calculating such 10% limit. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.
- (ii) No Share Option shall be granted to any eligible participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue with the substantial shareholders (as defined in the Listing Rules) of the Company, the independent non-executive Directors (the “INEDs”) and their respective associates (as defined in the Listing Rules) being subject to 0.1% of the total number of Shares in issue and a total value of HK\$5 million of the Shares.
- (iii) A Share Option may be accepted by an eligible participant not later than 21 days from the date of grant. Upon acceptance of the Share Option, a consideration of HK\$10.00 shall be paid by the grantee to the Company.
- (iv) A Share Option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during the period to be determined and notified by the Board, which shall not be later than 10 years from the date of grant but subject to the provisions for early termination as contained in the Share Option Scheme. There is no specified minimum period for which a Share Option must be held or the performance target which must be achieved before a Share Option can be exercised.
- (v) The subscription price shall be determined by the Board, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.
- (vi) The Share Option Scheme remains valid for a period of 10 years commencing on 30 July 2015.

As at 30 June 2020 and the date of this report, no Share Option has been granted under the Old Scheme.

No Share Option has been granted under the Share Option Scheme since its adoption and therefore, as at 30 June 2020 and the date of this report, there were no outstanding Share Options granted under the Share Option Scheme and no Share Option was exercised and cancelled or lapsed during the Period.

The total number of Shares available for issue under the Share Option Scheme is 80,000,000, representing 7.55% of the issued Shares as at the date of this report.

DISCLOSURE OF ADDITIONAL INFORMATION *(Continued)*

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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, 22 March 2017 and 24 December 2018.

Currently, the members of the Audit Committee comprises three INEDs, namely Mr. Xu Xiaowu (chairman of the Audit Committee), Mr. Li Yongjun and Mr. Diao Yingfeng.

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 Group’s unaudited condensed consolidated interim financial statements for the Period, with the management and external auditor.

The external auditor has reviewed the above unaudited interim financial statements 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.

DISCLOSURE OF ADDITIONAL INFORMATION *(Continued)*

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

During the Period, the Company had no disclosure obligation pursuant to Rule 13.21 of the Listing Rules.

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

The Company has adopted the Model Code as its own code of conduct governing securities transactions by the Directors. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

By order of the Board
Eagle Legend Asia Limited
GUO Peineng
Deputy Chairman

Hong Kong, 26 August 2020

As at the date of this report, the Board comprises Mr. Guo Peineng, Mr. Zhao Yi and Mr. Chen Huajie as executive Directors; and Mr. Xu Xiaowu, Mr. Li Yongjun and Mr. Diao Yingfeng as independent non-executive Directors.