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)

ANNUAL 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
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands*

** Address was changed with effect from 16 December 2020.*

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

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands*

** Address was changed with effect from 16 December 2020.*

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

Dear Shareholders,

I am pleased to present the annual results of Eagle Legend Asia Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Year**" or the "**FY2020**").

For the Year, the Group generated revenue from continuing operations of approximately HK$143.1 million (2019: approximately HK$124.5 million) with a loss for the year from continuing operations of approximately HK$63.0 million (2019: approximately HK$65.5 million).

The growth in revenue and reduction in loss from the Group's continuing operations, i.e. the construction equipment business, reflected the success of the Group's initiatives to restructure and modernise its equipment and to explore the market in the People's Republic of China (the "**Mainland China**" or the "**PRC**"). Despite the unexpected impact of the novel coronavirus (COVID-19) pandemic ("**COVID-19**" or the "**Pandemic**") on the global economy and industries, the Group has stepped up its efforts to upgrade its tower cranes to meet the challenges in the post-pandemic era as systematic prevention and control of the Pandemic begins, and has so far purchased 31 new tower cranes for newly obtained orders. 2020 was the first year that the Group developed into the PRC market and has recorded a profit despite the impact of the Pandemic, as such, the Group continues to be optimistic about the development of the Greater Bay Area and will continue to explore the tower crane market of the PRC in the future.

As the Group faces the challenges of the Pandemic, the board of directors (the "**Directors**" and the "**Board**", respectively) has been exploring new opportunities to expand the scope of the Group's business. The Group continues to assess, adapt and innovate to cope with the crisis, and has been able to gain synergies for the Group's construction equipment business by expanding into the property development sector in Hong Kong through land auction. 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. 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 greatly reducing the land premium of this project. In order to further reduce the construction cost of its own projects, shorten the construction period, improve the quality, utilise the construction and erection funds with more flexibility and manage the subcontractors, the Group has acquired a general building contractor (RGBC) licence in early 2021 to become a general contractor with self-owned buildings, to facilitate the co-development of the machinery and equipment and property businesses. Apart from contracting its own property projects, the Group also intends to actively pursue other property projects in the market, which will not only prioritise the use of tower cranes owned by the Group in future construction projects, but also increase the revenue source for the construction contracting business, thereby further enhancing the revenue and profitability of the Group.

In order for the Group to maintain a long and steady growth, the Group will invest and develop into the tower crane rental market while continuing to evaluate construction and property projects in Hong Kong, Singapore and China and seek opportunities to acquire construction companies and increase its land reserve so as to achieve co-development in machinery, construction and property.

Appreciation

The performance of the Company is contributed by the dedicated efforts of our management and staff and the strong support from all sectors of the business community. On behalf of the Board, I would like to express our sincere appreciation to all the Company's stakeholders for your support to the Company over the years and to our valued customers, business partners and investors for your continuous support to the Group.

Guo Peineng
Deputy Chairman

Hong Kong
26 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall Performance

For the Year, the Group generated revenue from continuing operations of approximately HK$143.1 million (2019: approximately HK$124.5 million) with a loss for the Year from continuing operations of approximately HK$63.0 million (2019: approximately HK$65.5 million).

Business Review

Revenue from sales of machinery was approximately HK$12.2 million for the Year, represented a decrease of approximately 43.8% as compared to the amount we achieved for FY2019. This was due to the decrease in demands of new cranes in Hong Kong and Singapore.

Rental income from leasing of machinery increased from approximately HK$51.6 million to approximately HK$101.2 million for the Year, representing an increase of approximately 96.1% year over year mainly due to the development of the tower crane leasing market in PRC.

Revenue from service income decreased from approximately HK$45.9 million to approximately HK$27.7 million for the Year, representing a decrease of approximately 39.7% year over year mainly due to decrease in demands of service in Hong Kong.

Sales of spare parts was approximately HK$2.0 million for the Year, representing a decrease of approximately 62.3% 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.

On 24 June 2020, the Group completed the disposal of its business in cultivation, research, processing and sales of exocarpium citri grandis (化橘紅), a Chinese herbal medicine, and its seedlings (the "**Discontinued Operation**"). Information about the Discontinued Operation is provided in note 13 to the consolidated financial statements of the Group for the Year (the "**Consolidated Financial Statements**") set out in this report. Further details of such 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.

The performance of the Group were affected by the outbreak of Covid-19 since early 2020. 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.

As at 31 December 2020, the Group had one property development project under development in Hong Kong and it has commenced in the second quarter of 2020. There was no sale of property during the Year. The Group's property development project under development amounted to approximately HK$95,598,000 and represented approximately 19.7% of the Group's total assets.

The Group's Property Project as at 31 December 2020

Project name	Location/ Postal address	Interests Attributable to the Group	Total Site Area (sq. ft.)	Status	Estimated year of completion	Usage
					(Note)	
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 31 December 2020

Project name	Total GFA* (sq. ft.)	GFA under development/ completed (sq. ft.)	Total Saleable GFA* (sq. ft.)	Accumulated GFA* sold as at 31 December 2020 (sq. ft.)	Accumulated GFA* delivered as at 31 December 2020 (sq. ft.)	Average Selling Price (HK$/sq. ft.)
Mong Kok	22,594	0	12,279	0	0	0

* GFA means gross floor area

Dividend

The Board has resolved not to recommend the payment of any dividend for the year ended 31 December 2020 (2019: Nil).

Financial Review

Results for the Year

As detailed in the section headed "Overall Performance" above, the Group recorded a loss from continuing operations of approximately HK$63.0 million for the Year (2019: approximately HK$65.5 million).

For the FY2020, the Group's other income and gains from continuing operations amounted to approximately HK$5.8 million, representing an increase of approximately 314.3% compared to that of FY2019. The increase was mainly attributable to grants amounting to approximately HK$4.1 million received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes under the Anti-epidemic Fund as launched by the Hong Kong Government and grants received from the Job Support Scheme to support COVID-19 epidemic launched by the Ministry of Manpower of Singapore and Levy Rebates to support COVID-19 epidemic launched by Inland Revenue Authority of Singapore.

As at 31 December 2020, the Group's property, plant and equipment amounted to approximately HK$138.8 million, representing an increase of approximately 1.8% compared to that as at 31 December 2019. The depreciation charges included in other operating expenses, and staff costs included in cost of sales and services and administrative expenses from the continuing operations for the Year increased by approximately HK$10.2 million and HK$1.7 million, respectively, as compared to the amounts for the previous year.

Finance costs from continuing operations amounted to approximately HK$17.8 million for the FY2020, representing a decrease of approximately 19.1% compared to those of FY2019.

Liquidity and Financial Resources

The Group had cash and cash equivalents of approximately HK$30.0 million as at 31 December 2020 (2019: approximately HK$25.3 million).

The total equity of the Group decreased to approximately HK$127.3 million as at 31 December 2020 (2019: approximately HK$490.6 million).

As at 31 December 2020, the Group had net current liabilities of approximately HK$39.5 million (2019: net current assets of approximately HK$297.1 million).

Capital Structure

As at 31 December 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 Year.

Investment Position and Planning

During the Year, the Group spent approximately HK$26.9 million and HK$85.9 million for acquisition of plant and equipment and leasehold land for property development, respectively (2019: approximately HK$33.7 million and HK$Nil, respectively).

Pursuant to a resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited ("**Manta-Vietnam**" and the "**Board of Management**" respectively), a company incorporated in Vietnam and an indirect 67%-owned subsidiary of the Company, 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.

Pursuant to the respective written resolutions of the sole member and the sole director of Manta Services Management Limited ("**Manta-Services**"), 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 Subsidiaries

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), a Chinese herbal medicine, 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 notes 47 and 48 to the audited Consolidated Financial Statements set out in this report, the Group did not have any other litigation after the reporting period and up to the date of this report.

Gearing

The Group monitors capital using a gearing ratio, which is calculated by dividing the total debts (sum of carrying amounts of shareholder's loans, borrowings and lease liabilities) by the total equity as at the respective dates. The Group's gearing ratio as at 31 December 2020 was increased to 1.8 (2019: 0.6), mainly due to the increase in interest-bearing borrowings/bank borrowings for the Year.

* *For identification purposes only*

Pledge of Group Assets

As at 31 December 2019 and 2020, the Group's banking facilities were secured by 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), a building of the Group with an aggregate carrying amount of approximately HK$30.8 million (2019: approximately HK$32.1 million), property, plant and equipment of approximately HK$6.7 million (2019: HK$Nil), and corporate guarantees executed by the Company and certain subsidiaries.

As at 31 December 2019 and 2020, The Group's lease liabilities were secured by property, plant and equipment of approximately HK$65.5 million (2019: approximately HK$85.7 million).

As at 31 December 2020, the Group's other borrowings were secured by property, plant and equipment of approximately HK$17.0 million (2019: HK$Nil) and corporate guarantees executed by the Company and certain subsidiaries.

Exchange Rate Exposure

During the Year and as at 31 December 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 the Group's rental operations in Singapore and PRC were primarily denominated in Singapore dollar and Renminbi, respectively. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro, United States dollar or Renminbi. For foreign currency purchases, hedging transactions may be entered into against fluctuations in the foreign exchange rate. However, no hedging arrangement was undertaken for revenue generated from the Group's operations in Singapore and PRC.

Treasury Policies

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

Contingent Liabilities

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

Commitments

As at 31 December 2020, the Group had total capital commitments of approximately HK$4.0 million and HK$38.7 million related to the acquisitions of property, plant and equipment and properties under development for sale respectively (2019: approximately HK$0.8 million and HK$Nil, respectively).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2020, the Group had a total of 109 (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 trainings have been provided to the employees to enhance the knowledge of the workforce.

FUTURE PROSPECTS

In order to combat the COVID-19, certain countries and regions had implemented lockdowns in the first half of 2020, the temporary suspension of construction sites has, in particular, posed a major challenge to the construction industry. Despite these challenges, the Group has been assessing, adapting and transforming continuously to cope with such crisis. In order for the Group to maintain a long and steady growth, the Group will invest and develop into the tower crane rental market while continuing to evaluate construction and property projects in Hong Kong, Singapore and China and seek opportunities to acquire construction companies and increase its land reserve so as to achieve co-development in machinery, construction and property.

The Group is confident on the development of the construction industry in Hong Kong, which grew from a total output of approximately HK$100.9 billion in 2009 to approximately HK$252.1 billion in 2018, representing a compound annual growth rate of 10.71% over the period. According to the "Long Term Housing Strategy Annual Progress Report 2020" published by the Hong Kong Government, the total housing demand for the 10-year period from 2021 to 2030 is 428,000 units, which will drive the construction industry to continue to grow steadily. The steady growth in Hong Kong's economy and population over the past few years has not only fuelled demand for supporting infrastructure and commercial buildings, but also stimulated the continued expansion of the construction industry. 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. 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 greatly reducing the land premium of this project. It is expected that the project will be completed in early 2024. In order to further reduce the construction cost of its own projects, shorten the construction period, improve the quality, utilise the construction and erection funds with more flexibility and manage the subcontractors, the Group has acquired a general building contractor (RGBC) licence in early 2021 to become a general contractor with self-owned buildings, to facilitate the co-development of the machinery and equipment and property businesses. Apart from contracting its own property projects, the Group also intends to actively pursue other property projects in the market, which will not only prioritise the use of tower cranes owned by the Group in future construction projects, but also increase the revenue source for the construction contracting business, thereby further enhancing the revenue and profitability of the Group.

Despite the unexpected impact of the COVID-19 on the global economy and industries, the Group has stepped up its efforts to upgrade its tower cranes to meet the challenges in the post-pandemic era as systematic prevention and control of the pandemic begins. Benefiting from the Singapore government's initiatives to boost infrastructure, the Group was awarded tower crane rental projects in early 2021 for the construction of an innovation centre by the Korean automotive giant Hyundai Motor Group and the establishment of an eco-friendly resort in Mandai by the Singapore Zoo. 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. According to a research report by Huaxi Securities, the market capitalisation of the tower crane rental industry is expected to reach RMB180 billion by 2025. 2020 was the first year that the Group developed into the PRC market and recorded a profit despite the impact of the pandemic, therefore the Group continues to be optimistic about the development of the Greater Bay Area and will continue to explore the tower crane market of the PRC in the future.

Additional information relating to the disclaimer of opinion

As set out in the Company's announcement dated 22 April 2020, a disclaimer of opinion on the Group's profit and loss account and the opening balance in relation to Best Earnest Group on the Group's balance sheet would be issued for the year ended 31 December 2020. The Group's balance sheet as at 31 December 2021 and the statement of profit and loss for the year ending 31 December 2021 would not be modified on this matter. The Company has agreed with Grant Thornton Hong Kong Limited ("**Grant Thornton**"), the auditor of the Company in this regard.

The management of the Company (the "**Management**") agreed to each of the audit qualifications of the disclaimer of opinion on the following basis:

(a) the Management noted the limitation for the auditor to obtain sufficient audit evidence on the relevant financial information of the Disposal Group given the auditor was refused access to Guangdong Dahe's office and its plantation site for audit and was unable to obtain the complete books and records during the Year and after completion of the disposal of Best Earnest on 24 June 2020 (the "**Disposal**"); and

(b) there were no alternative audit procedures to satisfy the auditor as to whether the opening balances and corresponding figures were free from material misstatement. Any adjustments that might have been found necessary may have a consequential effect on the Group's assets and liabilities, accumulated losses and its results for the year ended 31 December 2020.

Therefore, the Management expected that a disclaimer of opinion on the Group's profit and loss account and the opening balance in relation to the Disposal Group on the Group's balance sheet would be issued for the year ended 31 December 2020.

There is no difference in views between the Directors and the auditor with regard to the audit qualifications.

The auditor submitted a report to the audit committee of the Company (the "**Audit Committee**"), which contained the rationale and the accounting treatment regarding the disclaimer of opinion on the Group's consolidated financial statement for the year ended 31 December 2020.

Having considered that (i) there is a limitation for the auditors to obtain appropriate audit evidence to justify the loss on disposal of the Disposal Group and the loss from discontinued operation as they were refused access to Guangdong Dahe's office and its plantation site for audit during the Year and after the Disposal; and (ii) there were no alternative audit procedures to satisfy whether the opening balances and corresponding figures of the Disposal Group were free from material misstatement, the Audit Committee reviewed and agreed with the Directors' position concerning audit qualifications.

EXECUTIVE DIRECTORS

Mr. Guo Peineng, aged 49, is the deputy chairman of the Board (the "**Deputy Chairman**"). Mr. Guo was appointed as an executive Director and the Deputy Chairman on 8 July 2019. He is also the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a director of certain subsidiaries of the Company.

Mr. Guo served in various government organisations in the People's Republic of China (the "**PRC**"), including the Public Security Bureau in Jieyang City of the Guangdong Province and the Traffic Department in Shenzhen from September 1994 to June 2013. From June 2013 to April 2016, Mr. Guo was the chairman and general manager of Shenzhen Taiteng Material Trading Limited Company* (深圳市泰騰材料貿易有限公司) which was principally engaged in material trading in the PRC. From May 2016 to July 2019, Mr. Guo was the chairman and general manager of Shenzhen Jin Xiang Sheng Investment Group Holdings Co., Limited* (深圳市錦祥盛投資控股集團有限公司) which is principally engaged in investment holding in the PRC.

Mr. Guo obtained his diploma in Law in the Sichuan University, the PRC, in June 2005. He was an independent non-executive director of Mega Medical Technology Limited (now known as Kaisa Health Group Holdings Limited), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 876), from January 2017 to March 2018.

Mr. Zhao Yi, aged 45, is the chief executive officer of the Company (the "**Chief Executive Officers**"). Mr. Zhao was appointed as an executive Director and the Chief Executive Officer on 4 November 2019. Mr. Zhao is also a member of the remuneration committee of the Company (the "**Remuneration Committee**"), an authorised representative of the Company under each of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and a director of certain subsidiaries of the Company.

Mr. Zhao has over 20 years of experience in finance matters. Mr. Zhao served in positions such as finance executive in various large corporations from 1999 to 2008. Since 2010, he served in various positions, including but not limited to senior vice president and department general manager in a large investment group in the PRC, mainly responsible for finance and fund matters.

Mr. Zhao obtained a master's degree in business administration for senior management in Dongbei University of Finance & Economics (東北財經大學), the PRC, in December 2012. He is a registered accountant in the PRC.

Mr. Chen Huajie, aged 45, is an executive Director appointed on 8 July 2019. He is also a director of certain subsidiaries of the Company.

Mr. Chen has over 20 years of experience in the construction industry. Mr. Chen served in various positions, including but not limited to engineer, project manager and general manager in a property developer group in the PRC from June 2004 to August 2015. From August 2015 to July 2019, Mr. Chen was the chairman and general manager of a large private-owned integrated construction enterprise which is principally engaged in construction projects in the PRC.

Mr. Chen graduated from Gansu Industrial University* (甘肅工業大學) (now known as Lanzhou University of Technology* (蘭州理工大學)), the PRC, with a bachelor's degree in construction engineering in June 2000. He is an associated constructor* (二級建造師) in the PRC.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Xiaowu, aged 47, was appointed as an independent non-executive Director on 4 November 2019. Mr. Xu is also the chairman of the audit committee of the Company (the "**Audit Committee**") and a member of the Nomination Committee.

Mr. Xu has more than 28 years of experience in audit and accounting works in the PRC. He worked as an auditor and accountant in various accounting firms in the PRC. From January 2005 to May 2010, Mr. Xu was an executive partner of 深圳國浩會計師事務所 (Shenzhen Guohao Accounting Firm*); from June 2010 to July 2013, Mr. Xu was the deputy branch manager of China Audit Asia Pacific Certified Public Accountants LLP, Shenzhen Branch (中審亞太會計師事務所深圳分所); from August 2013 to September 2015, Mr. Xu was a senior consultant of 深圳國浩會計師事務所 (Shenzhen Guohao Accounting Firm*); and since October 2015, Mr. Xu has been the branch manager of 中證天通會計師事務所深圳分所 (Zhongzheng Tiantung Accounting Firm, Shenzhen Branch).

Mr. Xu was an independent director of each of 中嘉博創信息技術股份有限公司 (ZJBC Information Technology Co., Ltd.*) (a company listed on the Shenzhen Stock Exchange, stock code: 000889) from June 2016 to February 2019, 廣東星徽精密製造股份有限公司 (Guangdong SACA Precision Manufacturing Co., Ltd*) (a company listed on the Shenzhen Stock Exchange, stock code: 300464) from November 2016 to January 2020, 廣東塔牌集團股份有限公司 (Guangdong Tapai Group Co., Ltd.*) (a company listed on the Shenzhen Stock Exchange, stock code: 002233) since June 2019, and 深圳市有方科技股份有限公司 (Shenzhen Neoway Technology Co., Ltd.*)(a company listed on the Shanghai Stock Exchange, stock code: 688159 since July 2017.

Mr. Xu obtained a master of business administration in New York Institute of Technology, the United States of America, in May 2013 and was qualified as a certified accountant in the PRC in August 1999.

Mr. Li Yongjun, aged 55, was appointed as an independent non-executive Director on 4 November 2019. Mr. Li is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr. Li has more than 30 years of experience in legal works in the PRC. He worked as the legal consultant of 唐山鋼鐵股份有限公司 (Tangshan Iron and Steel Co., Ltd.*) (a company listed on the Shenzhen Stock Exchange, stock code: 000709, now known as 河鋼股份有限公司 (Hegang Co., Ltd.*)) in the 1980s. From 1998 to 2010, Mr. Li worked for 廣東萬商律師事務所 (Guangdong V&T Law Firm*) and 廣東江山宏律師事務所 (Guangdong Jiangshanhong Law Firm*) in Shenzhen, served as a legal consultant in PRC law for Hon Hai/Foxconn Technology Group of Taiwan, and advised various sizeable PRC companies. He joined Beijing Long An Law Firm (北京隆安律師事務所) in 2010 and is currently a senior partner, advising and providing consulting services for various companies on their arbitration and legal disputes.

Mr. Li obtained a bachelor of laws degree from China University of Political Science and Law (中國政法大學), the PRC, in 1987 and was qualified as a PRC lawyer in 1988. He obtained a doctor of philosophy in laws from China University of Political Science and Law (中國政法大學), the PRC, in 2009.

Mr. Diao Yingfeng, aged 49, was appointed as an independent non-executive Director on 6 December 2019. Mr. Diao is a member of each of the Audit Committee and the Remuneration Committee.

Mr. Diao, has more than 16 years of experience in tax and accounting works in the PRC. He worked as a partner, tax adviser and accountant in various taxation agency firms in the PRC. From March 2003 to December 2008, Mr. Diao worked as a Deputy General Manager of 廣東中成海華稅務師事務所有限公司深圳分公司 (Guangdong Zhongcheng Haihua Taxation Agency Co., Ltd., Shenzhen branch*); from January 2009 to October 2016, Mr. Diao was the head of 深圳市嘉信瑞稅務師事務所有限公司 (Jiaxinrui Taxation Agency Co., Ltd. (Shenzhen)*); from November 2016 to present, Mr. Diao works as a partner of 立信稅務師事務所有限公司深圳分所 (Lixin Certified Tax Agents Co., Ltd. Shenzhen Branch*).

Mr. Diao is currently the executive director of the 4th board of the Shenzhen Certified Tax Agents Association, the head member of the Professional Technical Committee* (專業技術委員會), the deputy head member of the 6th Continuing Education Committee of the Shenzhen Certified Accountants Association* (深圳市註冊會計師協會第六屆繼續教育委員會) and a member of the 2nd Accountancy Professional Committee* (第二屆會計專業委員會) of the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation.

Mr. Diao was an independent non-executive director of 河南易成新能源股份有限公司 (Henan Yicheng New Energy Co., Ltd.*) (a company listed on the Shenzhen Stock Exchange, stock code: 300080) from August 2017 to November 2019.

Mr. Diao obtained a bachelor of accounting degree in Changchun University (長春財經大學) (formerly known as Changchun Taxation College (長春稅務學院)) in the PRC in 1998, was qualified as a certified accountant in the PRC in 2003 and qualified as a certified tax adviser in the PRC in 2009.

REPORT OF THE DIRECTORS

The directors (the "**Director(s)**") of Eagle Legend Asia Limited (the "**Company**") are pleased to present their report and the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Year**" and the "**Consolidated Financial Statements**", respectively).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group during the Year were (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; (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. Details of the principal activities of the subsidiaries are set out in note 39 to the Consolidated Financial Statements.

SEGMENT INFORMATION

Details of the segment information of the Group for the Year are set out in note 7 to the Consolidated Financial Statements.

BUSINESS REVIEW

A review of the business of the Group during the Year, principal risks and uncertainties that the Group may be facing, and a discussion on the Group's future development are set out in the Deputy Chairman's Statement on page 3 and the Management Discussion and Analysis on pages 4 to 10 of this annual report. An analysis of the Group's performance during the Year using financial key performance indicators is set out in the Five-Year Financial Summary on pages 163 to 164 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to the date of this report, as far as the board of Directors (the "**Board**") and management are aware, there was no material breach of or non-compliance with any applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. Employees are provided with a fair and safe workplace where they can maintain a healthy work-life balance, remunerated equitably and competitively, and provided with continuing training and development opportunities to equip them to deliver their best performance and achieve corporate goals. The Group has devoted effort to build up customers' trust on its services and products by listening to their views and opinions, and maintaining high product quality. The Group has maintained good working relationships with suppliers to meet customers' needs in an effective and efficient manner.

During the Year, there was no material and significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the Company's environmental policies and performance are set out in the Environmental, Social and Governance Report on pages 35 to 60 of this annual report.

RESULTS AND DIVIDENDS

The financial performance of the Group for the Year and the financial position of the Group as at 31 December 2020 are set out in the Consolidated Financial Statements on pages 64 to 162 of this annual report.

The Board has resolved not to recommend the payment of any dividend for the Year (2019: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 18 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Year are set out in note 35 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "**Articles**") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to the existing shareholders of the Company (the "**Shareholders**").

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the FY2020, the Company did not redeem any of its own listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

RESERVES

Details of the movements in the reserves of the Company and of the Group during the Year are set out in note 36 to the Consolidated Financial Statements and the consolidated statement of changes in equity on page 68 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company did not have a reserve available for distribution. Under the Companies Law of the Cayman Islands, the share premium account of the Company amounting to approximately HK$346.8 million as at 31 December 2020, is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus Shares.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the sales attributable to the Group's five largest customers was approximately 33.4% with the largest customer accounted for approximately 12.4%; the purchase attributable to the Group's five largest suppliers was approximately 51.7% with the largest supplier accounted for approximately 17.6%.

Neither the Directors, any of their close associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" and the "**Listing Rules**", respectively)), nor any Shareholders (which to the best knowledge of the Directors who owned more than 5% of the number of the Company's issued shares) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the Year.

DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

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

Independent non-executive Directors (the "INEDs")
Mr. Xu Xiaowu
Mr. Li Yongjun
Mr. Diao Yingfeng

In accordance with article 108 of the Articles, Mr. Chen Huajie and Mr. Li Yongjun shall retire from office and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company (the "**AGM**").

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written confirmations from each of its current INEDs in respect of their independence during the period since their respective appointment dates until 31 December 2020 and up to the date of this report pursuant to Rule 3.13 of the Listing Rules and all of them are still being considered to be independent.

DIRECTORS' SERVICE AGREEMENTS

Each of Mr. Guo Peineng, Mr. Zhao Yi and Mr. Chen Huajie, executive Directors, has entered into a service agreement with the Company for a term of two years unless terminated by either party by giving not less than one month's written notice to the other party. The service agreements of Mr. Guo Peineng and Mr. Chen Huajie commenced on 8 July 2019 and the service agreement of Mr. Zhao Yi commenced on 4 November 2019.

Each of the INEDs has entered into a letter of appointment with the Company for a term of two years unless terminated by either party by giving not less than one month's written notice to the other party. The letters of appointment of Mr. Xu Xiaowu and Mr. Li Yongjun commenced on 4 November 2019 and the letter of appointment of Mr. Diao Yingfeng commenced on 6 December 2019.

Each of the Directors is subject to the provisions for retirement by rotation and re-election at the AGM in accordance with the Articles.

Save as disclosed above, none of the Directors who are proposed for re-election at the forthcoming AGM has a service agreement with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The remuneration packages of the Directors are subject to Shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board by reference to the Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration are set out in note 17 to the Consolidated Financial Statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in relation thereto.

During the Year and up to the date of this report, the Company maintained liability insurance for the Directors and senior management to protect them from any loss to which they might be liable arising from their actual or alleged misconduct. A permitted indemnity provision as defined in the Companies Ordinance, Chapter 622 of the Laws of Hong Kong was in force for indemnity liabilities incurred by the Directors to a third party.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors nor any of their respective connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or any of its holding company, subsidiaries or fellow subsidiaries was a party during or at the end of the Year.

CONTRACT OF SIGNIFICANCE

Save as disclosed in notes 31 and 45(a) to the Consolidated Financial Statements, the Company did not enter into any contract of significance with its controlling Shareholder (as defined in the Listing Rules) or any of its subsidiaries during the Year.

MANAGEMENT CONTRACTS

Save as the executive Directors' service agreements disclosed in this report, no other contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or in existence during the Year.

CONNECTED TRANSACTION

Save as disclosed in notes 31 and 45(a) to the Consolidated Financial Statements that fall under the scope of "connected transactions" under Chapter 14A of the Listing Rules but constituted a fully exempt connected transaction of the Company pursuant to Rule 14A.90 of the Listing Rules, there was no transaction which should be disclosed in this report as a connected transaction in accordance with the requirements of the Listing Rules during the Year.

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 31 December 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 (the "**Model Code**") set out in Appendix 10 to the Listing Rules.

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

As at 31 December 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 share capital of the Company *(Note 1)*
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 *(Note 2)*	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 *(Note 3)*	26.00%
Ms. Kwok Hiu Yan	Interest of controlled corporation	275,600,000 *(Note 3)*	26.00%
Ms. Kwok Ho Lai	Interest of controlled corporation	275,600,000 *(Note 3)*	26.00%
Other Person:			
Mr. He Xiaoyang	Beneficial owner	100,000,000	9.43%

Notes:

1. The percentage is calculated on the basis of 1,060,000,000 Shares in issue as at 31 December 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 held by Harbour Luck by virtue of the SFO.

3. Ms. Kwok Hiu Ting, Ms. Kwok Hiu Yan and Ms. Kwok Ho Lai holds one-third of the issued share capital of Excel Range and are deemed to be interested in the 275,600,000 Shares held by Excel Range by virtue of the SFO.

Save as disclosed above, as at 31 December 2020, there were no other persons (other than a Director or the chief executives of the Company) who 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 Year was the Company or any of its holding companies, subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of the Shares 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 contributions 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.

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 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 of the Company, the INEDs and their respective associates (as defined in the Listing Rules) being subject to 0.1% of the 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 a Share.

(vi) The Share Option Scheme remains valid for a period of 10 years commencing on 30 July 2015.

As at 31 December 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 31 December 2020 and the date of this report, there were no outstanding Share Option granted under the Share Option Scheme and no Share Option was exercised and cancelled or lapsed during the Year.

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.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this report, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the number of the issued Share were held by members of the public during the Year and as at the date of this report as required under the Listing Rules.

CORPORATE GOVERNANCE

Full details of the Company's principal corporate governance practices are set out in the Corporate Governance Report on pages 22 to 34 of this annual report.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in note 49 to the Consolidated 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 annual report.

INDEPENDENT AUDITOR

The Consolidated Financial Statements of the Company for the Year have been audited by Grant Thornton. A resolution will be proposed at the forthcoming AGM to re-appoint Grant Thornton as the Independent Auditor until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

CHANGE OF THE INDEPENDENT AUDITOR FOR THE PAST THREE YEARS

The Company has appointed BDO Limited ("**BDO**") as the Independent Auditor since 2010. BDO resigned as the Independent Auditor with effect from 23 December 2019 and the Company currently appoints Grant Thornton as the Independent Auditor.

BY ORDER OF THE BOARD

Guo Peineng
Deputy Chairman

Hong Kong, 26 March 2021

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31 December 2020 (the "**Year**"), the Company complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

THE BOARD OF DIRECTORS

The Board

The Board takes full responsibility for supervising and overseeing all major matters of the Company, including any acquisitions or disposal of businesses, investments, formulating and approving of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policies and monitoring the performance of the senior management and all other functions reserved to the Board under the Company's articles of association (the "**Articles**"), while the management is responsible for the daily management and operations of the Group. The Board may from time to time delegate certain functions to management if and when considered appropriate.

The Directors have full access to information of the Group and management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Chairman and Chief Executive

The CG Code provision stipulates that the roles of chairman and chief executive officer (the "**CEO**") should be separate and should not be performed by the same person. Currently, Mr. Guo Peineng is the Deputy Chairman of the Board, the Board is seeking the right candidate to fill the vacancy of the chairman of the Board (the "**Chairman**") and Mr. Zhao Yi takes up the roles of the CEO. Currently, the Deputy Chairman is responsible for overseeing the functioning of the Board and in charge of overall affairs of the Group while the roles of the CEO is responsible for managing operation planning of the Group's businesses.

Board Composition

Currently, the Board comprises six members with a suitable breadth of background and professional experience from the financial, legal, accounting and commercial sections.

The Directors who served the Board during the Year and up to the date of this report are named as follows:

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

Independent non-executive Directors (the "INEDs")
Mr. Xu Xiaowu
Mr. Li Yongjun
Mr. Diao Yingfeng

There is no relationship, including financial, business, family or other material/relevant relationships among the Board members.

The brief biographical details of the Directors are set out in the "Biographical Details of Directors" on pages 11 to 13 of this annual report. The updated list of Directors comprising the Executive Directors and the INEDs, and their role and function were published on the respective websites of the Stock Exchange and the Company.

The Deputy Chairman, being an executive Director will at least annually hold one meeting with the INEDs without the presence of other executive Directors.

In compliance with code provision A.1.8 of the CG Code, the Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

Appointment and Re-election of Directors

The Board is empowered under the articles of association of the Company (the "**Articles**") to appoint any person, as a Director, either to fill a casual vacancy or as an additional member of the Board. The Company has set up a Nomination Committee for formulating nomination policy for consideration of the Board and making recommendations to the Board on the selection, appointment and re- appointment of Directors. In accordance with Articles, any Director newly appointed shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election. Furthermore, nearest one-third of the Directors, including those appointed for a specific term, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Retiring Directors shall be eligible for re-election at the AGM.

The term of office of all Directors is two years, subject to retirement by rotation, whichever is the earlier. Each of the Directors is appointed by a service contract or a letter of appointment setting out the key terms and conditions of his appointment.

Directors' Training and Professional Development

During the Year, the Company had provide materials for the Directors and senior executives, to develop and refresh the Directors' knowledge and skills with an emphasis on the roles, functions and duties of a director of a listed company in compliance with code provision A.6.5 of the CG Code. To ensure Directors' compliance with the Listing Rules and strengthen the Directors' awareness of good corporate governance, the Company continuously updates Directors on the latest developments of the Listing Rules and other applicable regulatory requirements by issuing to them circulars, guidance notes and reading materials.

During the Year, the Directors participated in the following training as per their records provided to the Company:

Directors	**Types of training**
Executive Directors	
Mr. Guo Peineng	B, C
Mr. Zhao Yi	B, C
Mr. Chen Huajie	B, C
Independent non-executive Directors	
Mr. Xu Xiaowu	A, B, C
Mr. Li Yongjun	B, C
Mr. Diao Yingfeng	B, C

A: giving professional talks at seminars and/or conferences and/or forums
B: attending training/seminars/webinars/in-house briefings arranged by the Company or external professional parties
C: reading material relevant to the Company's business, regulatory updates, corporate governance issues, directors' duties and responsibilities, etc.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has entered into a letter of appointment with each of the existing INEDs for a term of two years which can be terminated by either party by giving not less than one month's written notice to the other party. The letter of appointment of Mr. Xu Xiaowu and Mr. Li Yongjun commenced on 4 November 2019, Mr. Diao Yingfeng commenced on 6 December 2019.

Each of the INEDs has confirmed in writing that he or she had complied with the independence requirements set out in rule 3.13 of the Listing Rules. The Board considers that all INEDs are independent under these independence requirements.

BOARD COMMITTEES

The Board has established three Board committees, namely, the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"), for overseeing particular aspects of the Board and the Company's affairs, the Board delegated to the Board Committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

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.

The Audit Committee is primarily responsible for (i) reviewing the financial statements and reports and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process; (iii) making recommendation to the Board on the appointment, reappointment and removal of external auditor; (iv) reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system.

During the Year, two meetings of the Audit Committee were held to review (i) the Group's annual audited financial statements with the independent auditor for the year ended 31 December 2019; (ii) the unaudited interim financial statements for the six months ended 30 June 2020, including the accounting principles and accounting standards adopted with recommendations made to the Board for approval; (iii) the changes in accounting standards and assessed their potential impacts on the Group's financial statements; and (iv) the Company's financial reporting system, internal control system and risk management system and related matters.

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

Remuneration Committee

Currently, the Remuneration Committee is chaired by Mr. Li Yongjun, an INEDs, and other members are Mr. Zhao Yi, an executive Director, and Mr. Diao Yingfeng, an INEDs.

The Remuneration Committee is primarily responsible for (i) making recommendations to the Board on the Company's policy and structuring for all remuneration of the Directors and senior policy management and establishing the formal and transparent procedures for developing such remuneration; (ii) determining the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. In determining the specific remuneration packages of the Directors and senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and employment conditions elsewhere in the Group; and (iii) reviewing and approve remuneration of Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time. Details of remuneration for each Director and emoluments for senior management are set out in note 17 to the consolidated financial statements.

During the Year, a meeting of the Remuneration Committee was held regarding the review of (i) the remuneration package of the Directors and the CEO; (ii) the terms of reference of the Remuneration Committee and its effectiveness; (iii) a remuneration policy; and (iv) the draft services agreements for executive Directors and the CEO and draft letters of appointment for the INEDs.

Nomination Committee

Currently, the Nomination Committee is chaired by Mr. Guo Peineng, an executive Director and the Deputy Chairman and other members are Mr. Xu Xiaowu and Mr. Li Yongjun, both being INEDs.

The Nomination Committee is primary responsible for (i) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board annually and making recommendations to the Board with regard to any changes; (ii) reviewing the policy on Board diversity (the "**Board Diversity Policy**") and the measurable objectives for implementing such policy from time to time adopted by the Board, and to review and monitor the progress on achieving these objectives; (iii) developing and review the policy for the nomination of Directors (the "**Nomination Policy**"); (iv) identifying and nominate qualified individuals for appointment as additional Directors or to fill vacancies of the Board as and when they arise; (v) making recommendations to the Board on appointment, re-appointment, re-election or re-designation of Directors and succession planning for Directors, in particular the Chairman and the CEO; and (vi) assessing the independence of the INEDs. Full terms of reference are available on the respective websites of the Stock Exchange and the Company.

During the Year, a meeting of the Nomination Committee was held and a written resolutions was circulated to review the structure, size and composition of the Board; to recommend to the Board on the re-election of the retiring Directors; to review the terms of reference of the Nomination Committee and its effectiveness; to assess the independence of the independent non-executive Directors; and to review the Nomination Policy and the Board Diversity Policy and the measurable objectives for implementing such policy.

Board Diversity Policy

The Board has adopted the Board Diversity Policy and measurable objectives which are set for the purpose of implementing the policy with effect from 30 August 2013.

Summary of the Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of aspects including skills, experience, knowledge, expertise, culture, independence, age and gender. All Board appointments will be based on merit while taking diversity into account (including gender diversity).

Measurable Objectives

The measurable objectives for the purpose of implementation of the Board Diversity Policy including the dependence, educational background, professional qualifications and years of experience in the industry he is specialised in.

The Nomination Committee will review the Board Diversity Policy to ensure its effectiveness and report annually, in the corporate governance report, on the Board's composition under diversified perspectives, and monitor the implementation on the policy.

Nomination Policy

The Nomination Committee has adopted the Nomination Policy with effect from 24 December 2018.

The Nomination Policy aims to set out the nomination procedures and the process and criteria to guide the Nomination Committee to select and recommend candidates for directorship.

In assessing the suitability of a proposed candidate, the following criteria (the "**Nomination Criteria**") would be used as reference by the Nomination Committee, including but not limited to:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's businesses and corporate strategy;

(c) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(d) Requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(e) Board Diversity Policy and any measurable objectives adopted by the Board for achieving diversity on the Board; and

(f) Such other perspectives appropriate to the Company's businesses.

For appointment of a new Director, the Nomination Committee shall evaluate the proposed candidate based on the Nomination Criteria, and make recommendations for the Board's consideration and approval. For re-election of Director at a general meeting of the Company, the Nomination Committee shall review the overall contribution and service to the Company of the retiring Director and also review and determine whether he/she continues to meet the Nomination Criteria. The Nomination Committee and/or the Board shall then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the Model Code, the CG Code and disclosures in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Director's inspection.

During the Year, the Board held 5 Board meetings and the Directors attended the same in person or participated therein through electronic means of communication.

The attendance record of each Director at the Board meetings, the Board committees meetings and the general meetings of the Company held during the Year is set out below:

Directors	Board Meeting Attended/ Eligible to attend	Nomination Committee Meeting Attended/ Eligible to attend	Remuneration Committee Meeting Attended/ Eligible to attend	Audit Committee Meeting Attended/ Eligible to attend	2020 AGM/EGM Attended/ Eligible to attend
Executive Directors					
Mr. Guo Peineng	5/5	1/1	–	–	2/2
Mr. Zhao Yi	4/5	–	1/1	–	2/2
Mr. Chen Huajie	5/5	–	–	–	2/2
INEDs					
Mr. Xu Xiaowu	4/5	1/1	–	2/2	2/2
Mr. Li Yongjun	4/5	1/1	1/1	2/2	2/2
Mr. Diao Yingfeng	4/5	–	1/1	2/2	2/2

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the Year are set out in Note 17 to the consolidated financial statement of the Group for the Year. Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) by band is set out below:

Remuneration band (HK$)	Number of individuals
Nil to 1,000,000	1
1,000,001 to 1,500,000	2

INDEPENDENT AUDITOR'S REMUNERATION

For the Year, the total fee paid/payable to the independent auditor of the Company in respect of audit and non-audit services is set as below:

	HK$'000
Audit services	930
Non-audit services, in respect of interim review and other services	853

DIRECTORS' AND AUDITOR'S RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Year, and confirm that the financial statements give a true and fair view of the results of the Company and the Group for the year then ended, and are prepared in accordance with the applicable statutory requirements and accounting standards.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore the Directors continue to adopt the going concern approach in preparing the financial statements. The statement of the external auditor of the Company, Grant Thornton, about their responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 61 to 63.

COMPANY SECRETARY

Ms. Poon Yuk Ching Ada ("**Ms. Poon**") has been appointed as the Company Secretary since 16 October 2019. All Directors have access to the advice and services of Ms. Poon who is responsible for ensuring that the correct Board procedures are followed and the Board is advised on all corporate governance matters. Ms. Poon confirmed that during the Year, she had undertaken over 15 hours of professional training to update her skills and knowledge pursuant to rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for assessing and determining the nature and extent of the risks that the Group is willing to accept in reaching its strategic objectives and to ensure that the Group has established and maintained appropriate and effective risk management and internal control systems. The Board has supervised the management's design, implementation and monitoring of risk management and internal control systems. The Board has confirmed that it will continue to monitor the system and ensure that the effectiveness of the risk management and internal control systems of the Company and its principal subsidiaries, covering all material controls, including financial, operational and compliance monitoring, at least once a year under the leadership of the Audit Committee.

A. Risk Management and Internal Control Systems Review

To review the effectiveness of the risk management and internal control systems of the Group and to resolve (if any) material internal control defects of the Group for the Year, the Company adopted an Enterprise Risk Management — Integrated Framework (2004) issued by the Committee of Sponsoring Organizations of The Treadway Commission (the "**COSO ERM**") to perform the risk assessment (the "**Review**") on the Group for the Year. The Review was designed to enhance the risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group were identified and appropriately managed to:

(i) promote consistent risk identification, measurement, reporting and mitigation;

(ii) set a common risk language to avoid any conflicting terminology or confusion in risk reporting;

(iii) develop and communicate policies on risk management and controls aligned with the business strategy; and

(iv) enhance reporting to provide transparency of risks across the Group.

During the Review, the Company conducted the following procedures:

– follow-up review on previous findings on risks;

– interviewing with management and relevant staff to identify the risks over the Group's business operations and governance practice;

– quantifying the risks by financial data and market searches;

– Identifying current issues and potential risks in the Group's business operations and governance practice for improvement; and

– prioritizing the identified risks as high, medium and low risk.

The Company will perform the ongoing assessment to update the entity-level risk factors and report to the Board on a regular basis.

However, risk management and internal control systems are designed to manage rather than eliminate the risk of failing to reach a business goal, and to make reasonable, not absolute, warranties of no significant misrepresentation or loss.

B. Group Risk Report

In this financial year, the Company conducted an annual Group-wide review based on the COSO ERM to assess the risks relevant to the existing businesses of the Group and prepared the Group Risk Report which was compiled to cover: (i) the top risks of the Group; and (ii) associated action plans and controls designed to mitigate the top risks, where applicable, at appropriate levels.

C. Dissemination of Inside Information

The Group adopted the standards set out in the Model Code and received confirmations from all Directors that they have complied with the Model Code throughout the Year. Set out below is the Company's procedures and internal controls for handling and distributing inside information:

- The Company acknowledges its obligations under the Securities and Futures Ordinance and the Listing Rules. The first principle is that the information should be promptly published when the Company is aware of and/or when the related decision is made, unless such inside information falls under the Safe Harbour Provisions under the Securities and Futures Ordinance;

- In dealing with the matters, adhere to the Guidelines on Disclosure of Inside Information promulgated by the Securities and Futures Commission in Hong Kong in June 2012;

- Unauthorized use of confidential or inside information has been expressly prohibited in the internal system; and

- employees or Directors possessing such inside information should report the same to the Executive Director, who will in turn report to the Board. The Board will then discuss and handle the relevant disclosures or dissemination of inside information accordingly.

D. Internal Audit Function

During the Year, the Company engaged an external independent consultant as an internal control advisor ("**IC Advisor**") to perform internal audit function for the Group. The IC Advisor reported to the Audit Committee and to the Company's management. Based on the Company's risk assessment results, the IC Advisor recommended a three-year internal audit plan to the management which was endorsed by the Board and the Audit Committee. The IC Advisor conducted its internal audit review activities according to the endorsed internal audit plan during the Year. The IC Advisor reported the internal audit findings and recommendations to both the Audit Committee and the management of the Group. The management of the Group agreed on the internal audit findings and adopted the recommendations by the IC Advisor accordingly.

The Board and Audit Committee have confirmed that they had reviewed the effectiveness of the risk management and internal control systems of the Group during the Year and considered them to be effective and adequate. The Board will continuously improve and monitor the effectiveness of risk management and internal control systems.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the code provisions of CG Code but also promoting and developing an ethical and healthy corporate culture. The Company will continue to review and, where appropriate, improve the current practices on the basis of the experience, regulatory changes and developments. Any views and suggestions from the Shareholders to promote and improve the transparency are also welcome.

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining a clear, timely and effective communication with the Shareholders and investors. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and attracting new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors and the Shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at http://www.elasialtd.com. The Directors and members of various Board committees will attend general meetings of the Company and answer any questions raised. The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be published on the respective websites of the Stock Exchange and the Company.

DIVIDEND POLICY

The Company attaches importance to providing reasonable returns for the Shareholders. The dividend policy of the Company maintains continuity and stability and takes into consideration the long-term interests of the Company, overall interests of all Shareholders and the sustainable development of the Company.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the Company's capacity to pay from accumulated and future earnings, liquidity position and future commitments at the time of declaration of dividend. The payment of dividend is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles.

According to the Articles, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board. No dividend shall be payable except out of the profits of the Company.

SHAREHOLDERS' RIGHTS

Procedures for convening an Extraordinary General Meeting by the Shareholders

Pursuant to the article 64 of the Articles, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting of the Company (the "**EGM**") to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/itself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for the Shareholders to put their enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to infoela@elasialtd.com.

Shareholders are also encouraged to attend the AGM and the EGM and to put their enquiries to the Board directly. Notices of general meetings are duly circulated to the Shareholders in order to ensure each Shareholder is informed to attend the AGM and the EGM. The Chairman, the chairman of each of the Remuneration Committee, Nomination Committee and Audit Committee and the senior management attend the aforesaid meetings and respond to the Shareholders' enquiries in a promptly manner.

Procedures for making proposals at the Shareholders' meetings

To put forward proposals at an annual general meeting of the Company or the EGM, the Shareholders should submit a written notice of those proposals with the detail contact information to the Company Secretary at the Company's principal place of business in Hong Kong. The request will be verified by the Company's branch share registrar and transfer office in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at an annual general meeting of the Company or the EGM varies according to the nature of the proposal, as follows:

- At least 14 days' notice (the notice period must include 10 clear business days) in writing if the proposal constitutes an ordinary resolution of the Company

- At least 21 days' notice (the notice period must include 20 clear business days) in writing if the proposal constitutes a special resolution of the Company in the EGM or an ordinary resolution of the Company in an annual general meeting

Procedures for the Shareholders to propose candidates for election as a Director

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting (the "**General Meeting**") of the Company, unless notice in writing by Shareholder(s) of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected including that person's biographical details as required by rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, shall have been lodged at the Company Secretary at the Company's principal place of business in Hong Kong at least 7 days before the date of the General Meeting. The period for lodgment of the notices required under the Articles will commence no earlier than the day after the dispatch of the notice of the General Meeting appointed for such election and end no later than 7 days prior to the date of such General Meeting.

Investors Communication Policy

To promote effective communication, the Company maintains a website at http://www.elasialtd.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number	:	(852) 3678-8589
By post	:	Unit 3610, 36/F., The Center, 99 Queen's Road Central, Central, Hong Kong for the attention of the Board of Directors
By email	:	infoela@elasialtd.com

Constitutional Documents

During the Year, the Company has not made any changes to its memorandum and the Articles, which are available on the respective websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Eagle Legend Asia Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to present this Environmental, Social and Governance ("**ESG**") Report, demonstrating the Group's approach and performance in terms of ESG management and corporate sustainable development, in strict compliance with the Environmental, Social and Governance Reporting Guide ("**ESG Guide**"), as set out in the Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The information stated in this ESG Report covers the period from 1 January 2020 to 31 December 2020 (the "**Reporting Period**") with aligns with the financial year as the 2020 annual report of the Group.

The Group was principally engaged in the business of (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 and (ii) property investment.

The Group has been unswervingly focusing on its ESG management which aiming to control the risks and tackle the challenges concerning corporate sustainable development. The Group is committed to achieving high standards of ESG performance and meeting all applicable legal requirements in the markets where it operates. It regards this to be an important foundation for the Group to engage with its stakeholders and grow its business responsibly and sustainably.

The information in this ESG Report was gathered and organised through a wide variety of channels, including but not limited to the internal policies from different subsidiaries of the Group, the factual evidence of the ESG implementation in the Group, the quantitative data of the Group's annual performance in business operations and ESG management under the key performance indicators ("**KPIs**") of the ESG Guide. To ensure the completeness and clarity of the ESG report delivered to the audiences, the Group referenced the ESG Consultation Conclusions, ESG Disclosure Review, and Global Reporting Initiative Standards ("**GRI Standards**"), a globally-accepted reporting instrument, in order to cater to its local and global readership.

SCOPE OF REPORT

In order to define the reporting boundary, the Group took into consideration the impacts which resulted from the major operations within the Group during the Reporting Period according to the operational control approach, namely the business of the 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 in Hong Kong, Singapore and the People's Republic of China (the "**PRC**"). While the Group has been in continuous development of new business opportunities, such as the business of property development in Hong Kong that can contribute satisfying returns to the shareholders of the Group in the long run, the scope of this ESG report does not cover other potential business activities other than the existing businesses mentioned above, which are regarded as the core business of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGES FROM THE BOARD

Regarding our construction business during 2020, infrastructure construction was severely affected by the outbreak of the novel coronavirus (COVID-19) pandemic (the "**Outbreak**"), namely the stoppage and delay in work resumption as well as strict traffic controls. At the same time, since a lot of raw materials and components are manufactured in the PRC, which has affected the transportation and supply of building materials to Hong Kong, the construction works in several construction sites in Hong Kong could only maintain limited operation or had been forced to suspend. 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 had 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, and as such the Group's business in Singapore has so far not been affected.

For the past few years, as the Group's major markets for the construction equipment business were Hong Kong and Singapore. Since the demand for real estate and infrastructure in the PRC was much larger than that in Hong Kong and Singapore, the total construction volume in the PRC has supported the growth of the tower crane leasing industry. Therefore, the Group is optimistic about the development of the tower crane leasing market in the PRC and plans to expand into the PRC leasing market in order to increase its income from its major business.

As the Group had disposed the plantation business of exocarpium citri grandis (the "**Plantation Business**") in the Reporting Period, we were able to fully utilise our resources to focus the ESG areas regarding the construction machinery business. With reference to the Task Force on Climate-related Financial Disclosures (TCFD), we continue to regard tougher mandates on and strict regulation of existing products and services as well as investment in new technologies as the high climate related risks and opportunities to our construction machinery business.

We are not a Group that only lavishes praise on the passion to embrace sustainable development, but a team of passionate individuals and organisations who are committed to continuing this tradition by setting ambitious targets and putting efforts to achieve them. Therefore, we continue to make the target of reducing the water consumption by 5% in five years. Paper consumption is also to be reduced by 5% over the same timeframe. Apparently, the paradigm of businesses is shifting right now, which pushes us to shape the new landscape that not only focuses on the economic dimension, but learns to respect our environment and shoulder social responsibilities.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS

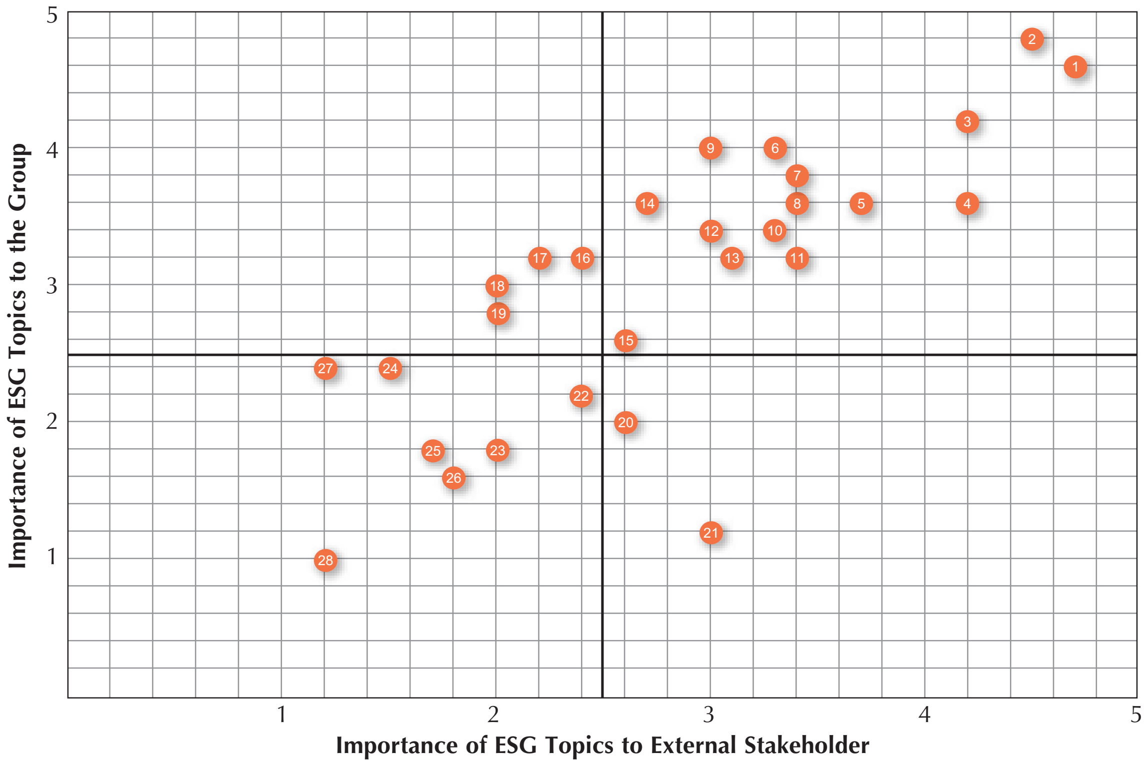
We are dedicated to define our current and future sustainability strategies, while it is important to ensure and understand our stakeholders' perspectives and expectations on the development and success of the Group and help us assess the potential impacts of our future business activities. An effective communication with both internal and external stakeholders is essential to the Group's stability in understanding all their concerns and integrating such expectations through our ESG practices, with the ultimate purpose of maximising the greater economic output and business value while aligning with the Group's long-term sustainable development goals.

The Group highly values the feedback from its stakeholders and is committed to garnering a better understanding of the concerns of its stakeholders via various channels that are listed in the table below.

Major Stakeholder Engaged		Major Communication Channels	Major Concerns
Internal stakeholders	Shareholders and investors	• Regular reports • Announcements, press release and circulars • Annual general meetings • Corporate website • Investor briefings	• Return on investments • Profitability and financial stability • Information disclosure and transparency • Corporate governance • Business compliance
	Employees	• Performance appraisals • Regular meetings and training • Focus groups • Emails, notices, circulars, hotline and team building activities with management	• Employees' remuneration and benefits • Health and safety working environment • Career development and training opportunities
External stakeholders	Customers	• Customers' satisfaction surveys • Face-to-face meetings and onsite visits • Customer service hotline and emails	• Quality products and services • Protection of customers' privacy and rights • Continuous promotion of reliable products/services to customers • Customer satisfaction
	Suppliers	• Open tender • Contracts and agreements • Telephone discussions • Face-to-face meetings and onsite visits • Industry seminars	• Fair and open procurement • Win-win cooperation • Environmental protection • Protection of intellectual property
	Professional organisations	• Telephone discussion • Regular meetings and onsite visits • Questionnaires and online engagement	• Policy formulation regulating the practice of employees and business operations • Environmental protection and social responsibility
	General public	• Media conferences and responses to enquiries • Public welfare activities • Corporate website • Email	• Involvement in communities • Business ethics • Setting out targets and formulating policies in energy conservation and emission control
	Government and regulatory authorities	• Supervision on the compliance with local laws and regulations • Routine reports and tax payments	• Compliance with laws and regulations • Anti-corruption policies • Occupational health and safety

In 2020, the Group undertook an annual review to identify its stakeholders' main concerns and material interests about ESG issues through engaging its stakeholders in a materiality assessment survey. A group of internal and external stakeholders were identified, prioritised and selected based on their influence and dependence on the Group. Specifically, the Group followed the principles of ISO 26000 (Guidance on Social Responsibility), choosing its stakeholders against a series of criteria. The chosen stakeholders were invited to take part in an electronic survey to voice their views on a list of ESG issues. The survey is set to identify stakeholders' perspective on the Group's ESG, also known as corporate social responsibility (CSR) performance and perform materiality assessment for the Group. The outcome of the survey functioned as a powerful tool that facilitates the Group to develop its action plans for more effective ESG management. The chart below briefly shows the results of the assessment:

Materiality Assessment Matrix



Item	ESG Topic	Item	ESG Topic
1.	Product health and safety	15.	Observing and protecting intellectual property rights
2.	Occupational health and safety	16.	Selection and monitoring of suppliers
3.	Customer information and privacy	17.	Mitigation measures to protect environment and natural resources
4.	Customer satisfaction	18.	Product and service labelling
5.	Diversity and equal opportunity of employees)	19.	Marketing communications (e.g. advertisement)
6.	Preventing child and forced labour	20.	Community support (e.g. donation, volunteering)
7.	Anti-corruption policies and whistle-blowing procedure	21.	Air emissions
8.	Anti-corruption training provided to directors and staff	22.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
9.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	23.	Water use
10.	Environmentally preferable products and services	24.	Hazardous waste production
11.	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	25.	Climate change
12.	Cultivation of local employment	26.	Energy use (e.g. electricity, gas, fuel)
13.	Greenhouse gas emissions	27.	Non-hazardous waste production
14.	Employee development and training	28.	Use of materials (e.g. paper, packaging, raw materials)

Through the materiality analysis, the Group identified ‘Occupational health and safety’, ‘Product health and safety’, and ‘Customer information and privacy’ as issues of high importance. Given the high degree of concerns on the material issues mentioned above, the Group has carefully priced the risks and opportunities behind those matters and elaborated in detail under different sections of this ESG report.

STAKEHOLDERS’ FEEDBACK

As the Group strives for excellence, the Group welcomes stakeholders’ feedback, especially on topics listed as the highest importance in the materiality assessment. You are welcomed to provide your suggestions or share your views with the Group through any channel below:

Email: infoela@elasialtd.com
Website: http://www.elasialtd.com/
Address: No. 3610, 36/F., the Center, 99 Queen’s Road Central, Central, Hong Kong
Tel: (852) 3678 8589

The following sections provide more information and disclosure about the Group’s practices in the areas of the environmental aspects and social aspects, including emissions, use of resources, natural resources, employment and labour practices, good operating practices and our contribution to the community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL ASPECTS

The Group has established a set of management policies, mechanisms and measures on environmental protection to help ensure the sustainable development and operation of the Group. To seek sustainability of the environment and the community where it operates, the Group is increasingly prudent in controlling its emissions as well as the consumption of resources, and has strictly complied with relevant environmental laws and regulations in Hong Kong, Singapore and the PRC during its daily operations, including but not limited to the:

- Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- Water Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國水污染防治法);
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法); and
- Law of the People's Republic of China on Conserving Energy (中華人民共和國節約能源法).

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in the Reporting Period.

A.1. Emissions

In 2020, the Group was in compliance with applicable laws and regulations concerning air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. With a strong ambition to minimise its negative impact on the environment, the Group keeps upgrading its equipment with low-carbon technologies and commits to put forward effective measures for emission control.

Given the nature of the Group's business, the air emissions mainly came from fuel combustion from vehicles for daily transportation. In 2020, the air emissions of sulphur oxides ("**SOX**"), nitrogen oxides ("**NOX**") and particulate matter ("**PM**") amounted to 3.6 kg, 136.6 kg and 13.0 kg, respectively, such data resulting the decrease of 91%, 85% and 98% comparing to the air emission generated in 2019. The large percentage difference is primarily associated with the disposal of the Plantation Business during the year ended 31 December 2019 where high fossil fuels consumption from agricultural machineries and oasthouse operations are ceased. It is still widely known that climate change, driven by greenhouse gas emissions, is affecting our health, economy and ecosystems. The consumption of fossil fuels for transportation, coupled with the electricity consumption in the offices and other working places constituted the principal sources of greenhouse gases of the Group during the year under review. Specifically, the Group emitted a total of 263.5 tonnes of carbon dioxide equivalent ("**CO_2e**") (carbon intensity: 2.4 tonnes CO2e/employee) in 2020, with emissions from Scope 1 accounting for 29.4% approximately, whereas 68.1% came from Scope 2. Other indirect emissions (Scope 3) reached around 6.6 tonnes. In terms of the total emission of carbon dioxide equivalent ("**CO_2e**"), it results a decrease of 68% comparing to the carbon emission generated in 2019. The large percentage difference is primarily associated with the vast reduce of 87% from Scope 1 emission due to the disposal of the Plantation Business during the year ended 31 December 2019.

In addition to the GHG emissions from the paper waste disposed of at landfills and from electricity used for processing fresh water by governmental departments, the GHG emissions from electricity used for processing sewage were calculated as well. The solid wastes and wastewater from the Group were non-hazardous, mainly coming from its administration offices and construction sites. In 2020, the Group did not generate any hazardous solid wastes or sewage. The Group's total emissions in 2020 and 2019 are summarised in Table 1 below.

Table 1 The Group's Total Emissions by Category in 2020 and 2019

			2020		2019		
Emission Category	Key Performance Indicator (KPI)	Unit	Amount	Intensity[1] (Per Employee	Amount	Intensity[1] (Per Employee	Amount Increase (+) or Decrease (-) in Percentage
Air Emissions[2]	SO_x	Kg	3.6	0.03	40.0	0.3	-91%
	NO_x	Kg	136.6	1.3	898.0	6.1	-85%
	PM	Kg	13.0	0.1	630.0	4.3	-98%
GHG Emissions	Scope 1 (Direct Emissions)	Tonnes CO_2e	77.4	0.7	584.9	4.0	-87%
	Scope 2 (Energy Indirect Emissions)	Tonnes CO_2e	179.5	1.7	227.8	1.5	-21%
	Scope 3 (Other Indirect Emissions)[3]	Tonnes CO_2e	6.6	0.1	8.8	0.1	-25%
	Total (Scope 1, 2 & 3)	Tonnes CO_2e	263.5	2.4	821.5	5.6	-68%
Non-hazardous Waste	Solid Wastes	Tonnes	36.4	0.3	105.3	0.7	-66%
	Waste water	Tonnes	4,342.4	40.2	13,440.0	91.4	-68%

1: *Intensity was calculated by dividing the amount of air, GHG and other emissions by the total workforce of the Group in 2020 and 2019, which was 108 and 147 respectively;*

2: *Air emissions included the air pollutants in the exhaust gas from vehicles for transportation and off-road machineries for onsite operations;*

3: *The Group's Scope 3 (Other Indirect Emissions) included only paper waste disposed of at landfills and electricity used for processing fresh water and sewage by government departments;*

4: *The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by The Stock Exchange of Hong Kong Limited.*

Emissions in Hong Kong, Singapore and the PRC were mainly the GHG emissions from the consumption of electricity, and disposal of non-hazardous domestic solid waste, construction waste and wastewater generated by the staff in the offices. Neither hazardous solid waste nor hazardous sewage was generated in the Group during the Reporting Period.

To drive down its GHG emissions, the Group has kept bringing forward effective policies and measures in the construction projects and offices, and motivated all its employees to pay attention to small details around them, such as switching off all lights when leaving the office, in order to mitigate climate-related risks at source. In 2020, the patterns of GHG emissions remained unchanged, in which the indirect emissions dominated with most GHG emissions coming from the consumption of electricity. The Group has implemented internal electricity-saving policies in the offices and specific measures are further described in the next subsection under **Electricity**. The solid waste including domestic and construction waste declined by around 66% in 2020 and it was primarily associated with the disposal of Plantation Business during the Reporting Period. To further control its solid waste, the Group has tremendously advocated the 'Reduce, Reuse and Recycle' approach among employees in both Hong Kong and Singapore offices. Meanwhile, the Group has concentrated on the following three areas in particular, in order to minimise its waste in both offices and construction sites:

- Transitioning to smart and environmentally-friendly purchasing and design, such as the adoption of more advanced and less wasteful technologies;
- Managing raw materials effectively; and
- Strengthening the training to workforces.

In 2020, the Group educated all employees to reduce the use of disposable items such as plastic tableware. Besides, office stationeries and equipment were highly encouraged to be reused. Any non-recyclable municipal solid wastes such as paper products were collected and disposed of by the property management at regular intervals. Notably, obsolete metal parts and machinery components were stored at certain places for resale to professional third parties for centralised recycling and reuse. Furthermore, despite that the municipal wastewater is normally discharged into the sewage system of the property building, to effectively reduce the amount of wastewater from offices, the Group commits to control the consumption of freshwater, thereby achieving the high water efficiency during operations. Further information regarding water conservation practices in the Group are detailed in the next subsection under **Water**.

A.2. Use of Resources

In 2020, the main resources consumed by the Group were electricity, petrol, diesel, water, paper and plastic as packaging materials. Table 2 illustrates the amount of different resources consumed by the Group in 2020 and 2019.

Table 2 Group's Total Use of Resources by Category in 2020 and 2019

			2020		2019		
Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in 2020	Intensity[1] (Per Employee) in 2020	Amount in 2019	Intensity[1] (Per Employee) in 2019	Amount Increase (+) or Decrease (-) in Percentage
Energy[2]	Electricity	kWh	386,545	3,579.1	458,803	3,121.1	+16%
	Petrol	L	11,961	110.8	9,938	67.6	+20%
	Diesel	L	15,585	144.3	55,396	376.8	–72%
	Dry wood[4]	Tonnes	–	–	232	1.6	N/A
Water	Water	m^3	4,342	40.2	13,440	91.4	-68%
Paper	Paper	Tonnes	0.41	4.0×10^{-3}	0.88	6.0×10^{-3}	-53%
Packaging Materials[3]	Woven bags	Kg	–	–	2,535	17.2	N/A
	Metal	Kg	–	–	400	2.7	N/A
	Plastic	Kg	100	0.9	20	0.1	+400%

1: *Intensity was calculated by dividing the amount of consumed resources by the total workforce of the Group in 2020 and 2019, which was 108 and 147, respectively;*

2: *The methodology adopted for reporting on use of resources set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by The Stock Exchange of Hong Kong Limited.*

Electricity

In 2020, the total electricity consumption of the Group and the intensity per employee increased slightly by 16% and 15% respectively as compared to the figure in 2019. Specifically, the business operations of the Group in Singapore was still the primary source of electricity consumption which it contributes approximately 73% of the total electricity consumption of the Group. The Group has paid great attention and required all business units of the Group, especially the Singapore branch, to stringently comply with relevant regulations and the Group's policies of electricity conservation. To lower the consumption of electricity so as to diminish its GHG emissions, the Group has embedded the concept of 'Saving Electricity' into its environmental management system and business strategies. In particular, the Group implemented the following practices:

- Turn off all lights, electronics and other equipment at the end of the day;
- Switch off all idle lights and air conditioners (e.g. most electrical device will be turned off during lunch time);
- Place 'Save electricity and turn off the light when you leave please' posters to encourage workers and employees to conserve energy;
- Replace lamps that consume large amounts of electricity with more efficient LED lighting fixture in the offices; and
- Encourage all employees to open curtains and utilise the natural sunlight for lighting in the office when possible.

Other energy resources

The Group consumed petrol and diesel for its vehicles. In 2020, the energy consumption of petrol and diesel amounted to 11,961 Litre (L) and 15,584L respectively. It results an increase of 20% and decrease of 72% respectively when compared with the figure in 2019. Specifically, despite a moderate rise in the use of petrol of which the Group will put more focus on the control in the near future, it can be found that the consumption of diesel in the Group has been significantly reduced. Such dropping figure was associated to the disposal of Plantation Business in which the diesel consumption was mainly contributed from the operation of tractors and firewood for the baking ovens.

Water

Water management has long been regarded as an important task in the business operations of the Group. In 2020, the Group did not face any issue in sourcing water and the total water consumption of the Group fell by 68% approximately as compared to the figure in 2019 and it was mainly associated to the cease of Plantation Business. The Group fully followed its policy of water conservation in businesses, the Group instilled the concept of 'Water Footprint' in its employees from all business segments, encouraging them to make small behavioural changes in efficient water consumption. To further improve the utilisation efficiency of water resources, the Group adopted the following practices during the Reporting Period:

- Place posters "Saving Water Resource" in prominent places to encourage water conservation;
- Fix dripping taps immediately and avoid any leakage of the water supply system;
- Strengthen the inspection and maintenance on water tap, water pipelines and water storage; and
- Purchase water-saving equipment.

Paper

Paper was mainly consumed by the Group in its offices for administrative purposes, and the large consumption always comes along with hefty environmental side-effects. In 2020, the total amount of paper used by the Group declined by around 53% owing to the efforts of all subsidiaries in the control of paper resources as well as the encourage of using electronic copies in every possible means. Meanwhile, the Group highly advocated the reuse and recycling of waste paper. During the Reporting Period, the Group successfully recycled approximately 0.08 tonnes of paper usage in Singapore, which was a continuous great step that the Group will recommend to all its offices to learn from. In the future, the Group commits to further reduce the generation of waste paper through the following measures:

- Reuse the paper which has been used on one side only for scrap paper;
- Make two-sided copies;
- Promote the concept of 'paperless office', and disseminate information by electronic means to minimise the number of paper-made files;
- Put boxes and trays as containers beside photocopiers to collect single-sided paper for reuse; and
- Periodically review the implementation of paper-saving policies in the Group and set targets in the procurement and recycling of paper accordingly.

Packaging Materials

Previously, woven bag was the major packaging material for the Group arising from the business of cultivation and processing of exocarpium citri grandis. As a result of the disposal of Plantation Business, the data of woven bag is no longer applicable to the Group. In 2020, the Group consumed approximately 100kg of plastic packaging materials, such data resulting an increase of 400% compared to the plastic usage in 2019 while it was associated to the shift of metal to plastic for packaging materials from the operation of Singapore region. The Group has been committed to optimising its material management system through estimating, measuring, recording and comparing the quantity of used packaging materials in years on a continuous basis.

A.3. The Environment and Natural Resources

The Group believes that business development should not come at the expense of the environment and natural resources, therefore the Group recognises the responsibility in minimizing the negative environmental impacts of its business operations as an ongoing commitment to good corporate citizenship. The Group remains conscious of its potential impact, therefore, regularly assesses the environmental risks of its business model, adopts preventive measures to reduce risks, and ensures compliance with relevant laws and regulations.

Regarding the top priority of impacts of the Group's business, which is the fuel consumption during the operations of construct machineries, which not only have drawn the Group's attention, but also necessitates an urgent action taken by the Group to tackle the problems. In 2020, the Group kept focusing near-term technology investments on reducing both costs and emissions where feasible, benchmarking the best practice in the market that reduces, reuses and recycles the waste in a proper way, and working hard on the optimization of operational system, in a bid to lower its environmental impact.

Considering the business nature and its unique geographical advantage, climate change would exert little influence on the development of the business of the Group. Regarding the reliance on petrol and diesel for operations in the construction sites, the Group kept pushing forward new procurement policies, in which a higher level of standard in equipment safety, duration and energy efficiency are implemented. Nevertheless, the Group will still stick to the '5 Principles and 20 Actions' recommended in 'Transforming Food and Agriculture to Achieve the SDGs', and respond by improving fuel efficiency in operations and moving towards lower carbon alternatives. Looking forward, the Group will dedicate itself to fulfilling its environmental responsibilities, aligning its internal sustainability goals with the targets and progress of SDGs, grasp the technological innovation as a positive thrust for the advancement towards sustainability, and taking actions as part of our sustainable growth strategy.

B. SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

The Group strongly believes that employees are the most valuable asset for its sustainable development. It is the Group's objective to nurture an inclusive and harmonious working environment. The Group treasures employee's talent and strives to provide its employees with a safe and suitable platform for gaining professional knowledge, developing vocational career and living a fulfilling life. For the year ended 31 December 2020, the Group had a total of 108 employees which all of them are full time staff. The total workforce categorised by (i) gender, (ii) geographical region and (iii) age group are shown below:

Chart 1 Total Workforce of the Group by Gender in 2020

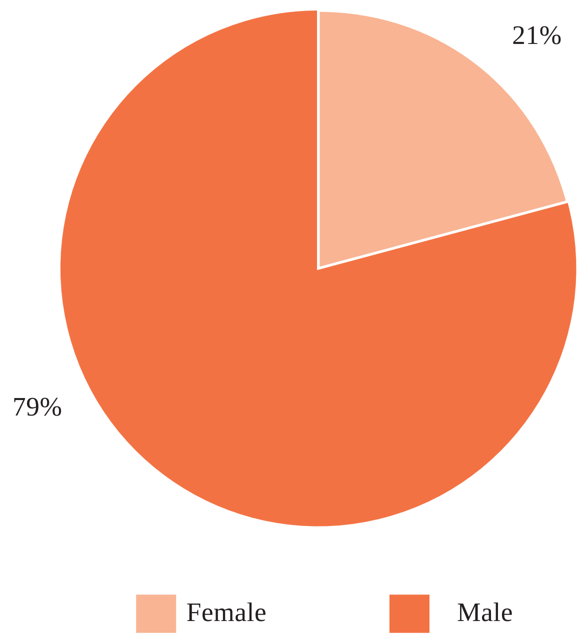


Chart 2 Total Workforce of the Group by Geographical Region in 2020

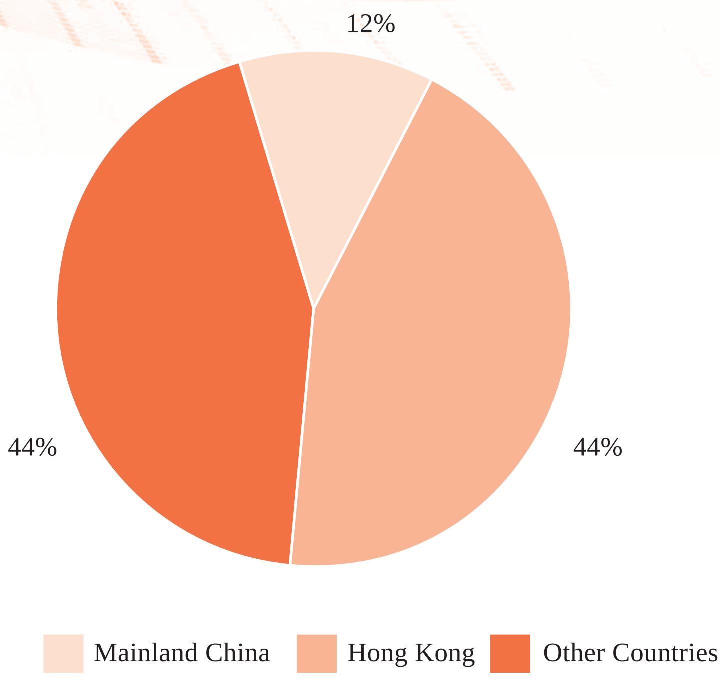
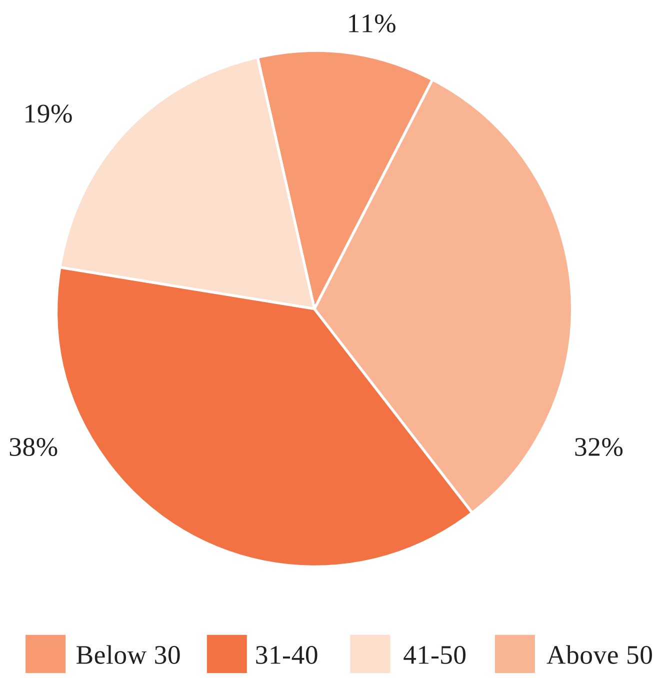


Chart 3 Total Workforce of the Group by Age Group in 2020



Law Compliance

The Group's employment policies and staff handbook have been updated and adjusted regularly, in order to cater to the desire of market since its inception and abide by the latest laws and regulations in Hong Kong, the PRC and Singapore. During the Reporting Period, the Group complied with the applicable laws and regulations, including but not limited to the

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法)；
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法); and
- Employment Act (Singapore).

Recruitment, promotion, and dismissal

The Group has adopted a set of clear procedures regulated in 'Personnel Recruitment Plan', in its general and campus recruitment. To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on the individuals' educational background, personal attributes, job experiences, career aspirations and other factors. To ensure that candidates and employees remain enthusiastic in their positions and take initiatives to accomplish every task that they have been assigned, the Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system to explore employees' capability. Performance reviews are conducted annually, the results of performance reviews are used for employees' salary review and promotion consideration. During the Reporting Period, the Group's overall employee turnover rate was approximately 25%.

The table below shows the employee turnover rate by (i) gender, geographical location and (ii) age group:

Chart 4 Total Turnover of the Group by Gender in 2020

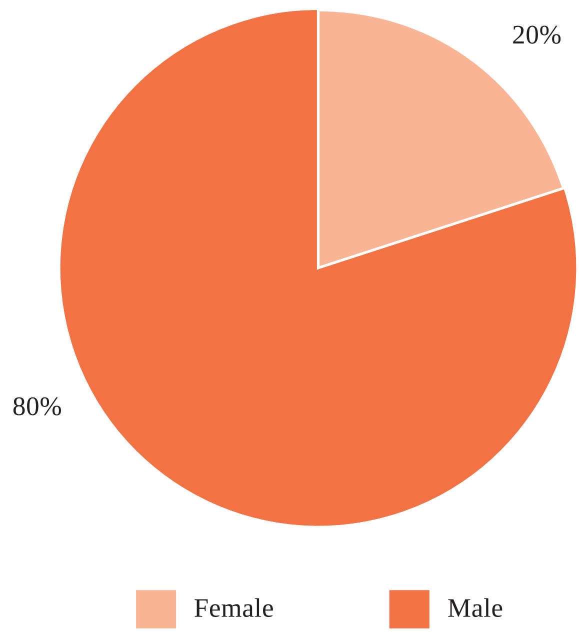


Chart 5 Total Turnover of the Group by Geographical Region in 2020

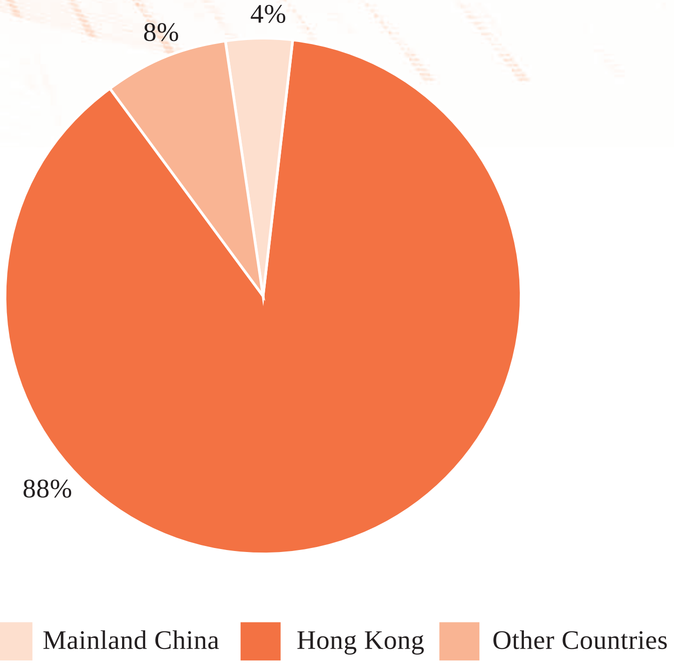
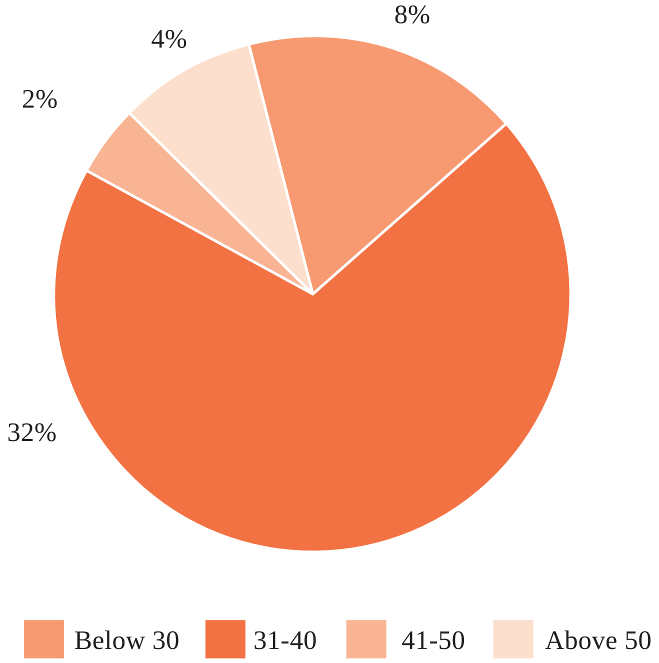


Chart 6 Total Turnover of the Group by Age Group in 2020



Working hours and rest periods

The Group is committed to provide a healthy work-life balance for employees and a comfortable working environment. To maintain a happy, healthy, safe and productive working environment, we have implemented procedures and policies in all aspects of the Group's business operations and integrated into our employee handbook and human resources policy.

The Group has also formulated internal policies based on local employment laws including the 'Provisions of the State Council on Employees' Working Hours' (國務院關於職工工作時間的規定) to determine appropriate working hours and rest periods for its employees. In accordance with relevant laws and regulations, the Group monitors and manages its employee's working hours and compensate those who work overtime.

Equal opportunity and anti-discrimination

The Group realises the importance in maintaining equality and anti-discrimination, we aim to enhance our employees' well-being and development and treat all employees on an equal footing. The Group firmly demands equal employment to protect job applicants from discrimination of gender, age, family status, ethnicity, or religion, where none of these factors are considered before personal merit and competence in neither our evaluation for employment, promotion opportunities, nor remuneration. Employees are encouraged to report any incidents involving discrimination to the Human Resource Department of the Group. The Group will conduct investigations and take any necessary disciplinary actions on the responsible individuals.

During the Reporting Period, the Group did not receive any complaints in regard to unequal employment nor treatment. The Group endorses a fair and open competing environment, that of equal opportunities are provided to our employees regardless of their gender, age, religion, race, etc.

Other benefits and welfare

Abiding by the relevant national laws and regulations, the Group provides employment injury insurance for its employees. The Group also believes that a barrier free communication and between the management of the Group and its employees is vital to creating a harmonious atmosphere within the organisation and bolstering up employees' courage to take up their responsibilities for their work. The Group regularly arranges a host of activities for its employees, including birthday lunches, BBQ gathering and annual dinner.

During the Reporting Period, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

Ensuring the health and safety of our employee is an integral part of our business activities. Therefore, the Group is dedicated to maintaining a safe, hygienic and productive workplace by minimising the potential risk of accidents, injuries and exposure in relation to health risks. To provide and maintain a safe and clean working environment for employees, the Group has set up internal safety and health policies that are in line with relevant laws and regulations in Hong Kong, the PRC, and Singapore, including but not limited to the:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Production Safety Law of the People's Republic of China (中華人民共和國安全生產法);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法);
- Regulation on Work-Related Injury Insurance (工傷保險條例);
- Work Injury Compensation Act (Singapore); and
- Workplace Safety and Health (WSH) Act (Singapore).

Apart from encouraging our employees to keep the work place tidy to minimise accidental incident. The Group has organised a multitude of training courses and seminars about occupational health and safety for its employees. Besides, the Group rigorously sticks to the instructions of the ISO 45001 Occupational Health and Safety Management Systems, striving for zero accidents of all persons involved in work. The Group has also built professional teams for the management of daily Occupational Health and Safety (OH&S) affairs. In the business of construction machinery, for example, the Repair & Maintenance Department and Services Department are the divisions responsible for the supervision of the implementation of OH&S policies.

To prevent work injury and enhance safety awareness, different business segments of the Group have also implemented specific policies in the OH&S management. Licensed workers in Hong Kong, for example, are required to complete the compulsory Occupational Safety and Health courses provided by the Construction Industry Council and obtain the qualification or renew safety card. According to the Safety Management Framework, different departments have specific duties to abate the occupational health and safety risks. For instance, warehouse manager holds responsibility for warehouse works; R&M (Repair and Maintenance) managers for workshop and onsite R&M work; Passenger Hoist team for any service work regarding the passenger hoist. Furthermore, the Group attaches importance to the details in its EHS (Environment, Health and Safety) management. All fire equipment is inspected, maintained and replaced periodically by internal staff. The subsidiary of the Group in Singapore, which was ISO 45001 certified, has been awarded the 'BizSafe Star' certification from the Workplace Safety and Health Council.

In 2020, the Group is pleased to announce that the total lost days due to work-related injury in the Group were 0 days and the number of casualties due to work remained at zero. The Group was in compliance with the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that may have a significant impact on the Group during the Reporting Period.

B.3. Development and Training

The Group emphasises the importance of cultivating a culture of safety by providing employees with systematic technical and safety related training programs and encourage the participation of external trainings and seminars to ensure that all of our employees are trained to promptly report the occurrence of any incidents and potential hazards, and to take appropriate measures to avoid damages to themselves and the assets of the Group.

Specifically, a complete training package is normally provided to all new hires, covering the History of Company, Corporate Governance Structure, Corporate Culture, Business Processes, and Management System. As for experienced employees, profession-oriented courses are offered according to the corporate demands and employees' expectations. Through the provision of various types of training opportunities, the Group strives to make sure that all employees are technically competent to complete their daily tasks.

Moreover, to further enhance its employees' professional skills and meet the needs of the Group's development goal, signing up for relevant qualification examinations and external training is greatly encouraged. In the Reporting Period, the employees from the business of construction machinery, for instance, participated in a number of training programmes held by the Construction Industry Council. Employees who have attended the professional qualification examinations and obtained vocational qualification certificates could receive a reimbursement from the Group. Furthermore, all directors of the Group had participated in continuous professional development related training programmes and seminars, to ensure that they understand business operations of the Group, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements.

In the Reporting Period, there were a total of 65 out of 108 employees or 60% of employees who took a range of training courses organised either by the Group internally or external organisations such as Construction Industry Council, Hong Kong Institute of Construction and Vocational Training Council, and the training time of all participants amounted to 634 hours in total and the average training hours per employee was 5.87. The charts below show the percentage of employees trained by (i) gender and (ii) employee category.

Chart 7 Percentage of employee trained by Gender in 2020

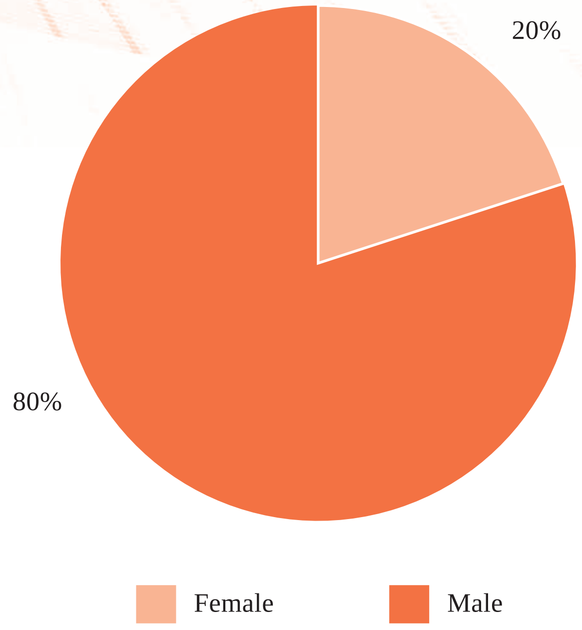
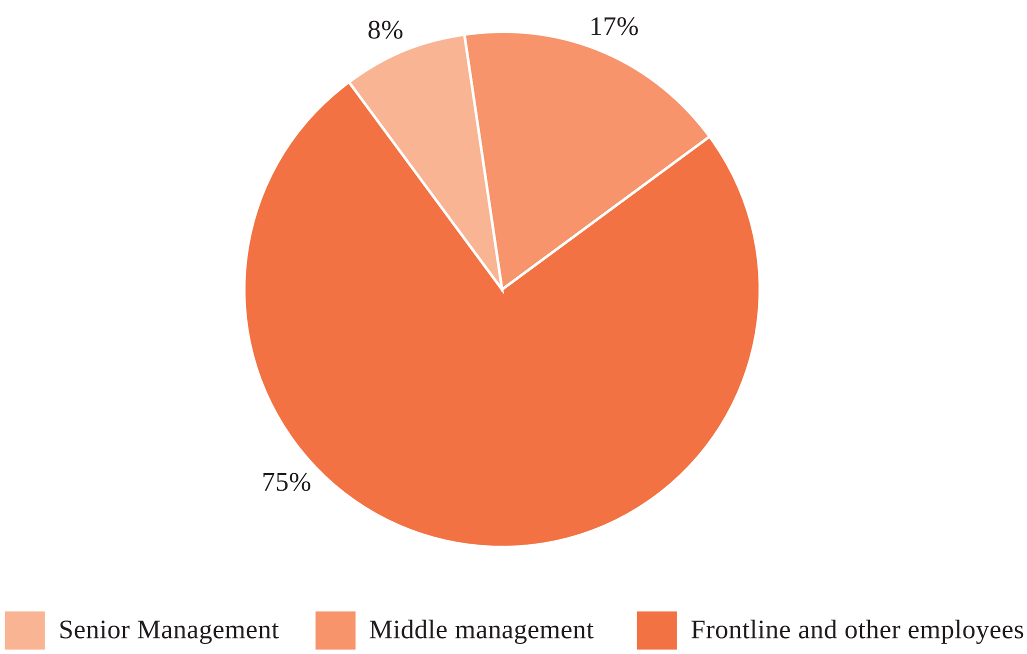


Chart 8 Percentage of employee trained by Employee Category in 2020



The average training hours completed per employee by (iii) gender and (iv) employee category

Table 3 Average training hours completed per employee by Gender and Employee Category in 2020

Average training hours completed per employee by category	Unit	Amount in 2020
By gender:		
Male	Hours	9.02
Female	Hours	12.69
By employee category:		
Senior Management	Hours	12.00
Middle management	Hours	12.91
Frontline and other employees	Hours	9.14

B.4. Labour Standards

The Group is committed to maintain and keep a work environment that is free of discrimination and all employees are treated equally regardless of age, marital status, pregnancy, race and religion. Apart from that, during the Reporting Period, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (中華人民共和國勞動法) and Employment Act (Singapore) to prohibit any child and forced labour employment. To combat against illegal employment on child labour, underage workers and forced labour, the Group's human resources department requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment. The Human Resource Department is responsible for monitoring and ensuring the compliance of corporate policies and practice with latest laws that prohibit child labour and forced labour. Any labour-related issues the Group has identified and uncovered will be dealt with diligently and firm actions will be taken immediately, such as the termination of employment contract.

During the Reporting Period, the Group has complied with the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5. Supply Chain Management

In the Reporting Period, the Group had 247 suppliers in total where Singapore, Hong Kong and the PRC have 130, 106 and 11 suppliers respectively. The Group kept an effective engagement with all its suppliers. The robust supply base and sound relationship with suppliers are essential to meet demand in the high volume market. As a socially responsible enterprise, the Group understands that it should play a role in every stage of its products and services throughout its life cycle, and proper management of the supply chain is critical to maintaining the Group's reputation, ensuring business sustainability and managing operating costs.

The Group understands the importance of maintaining a good relationship with suppliers to meet its immediate and long-term business goals. In years, the Group has been the authorised dealer on trading and leasing of "Potain" brand tower cranes in Hong Kong. The manufacturer of "Potain" brand tower cranes is Manitowoc Crane Group Asia Pte ("**Manitowoc**"), the Group's major supplier in the business of Trading and Leasing of Construction Machinery. Since the year 2016, Manta Hong Kong has also been the exclusive dealer of GJJ passenger hoists by Jing Long Eng. Machinery Co., Ltd. (廣州市京龍工程機械有限公司) ("**Jing Long**") in Hong Kong and Macau. The Group has formal written distribution agreements for both dealerships.

The Group also subcontracts certain work processes such as installation, erection, floor climbing operation and dismantling work of tower cranes and passenger to outsourced third party subcontractors through tendering process, the Group has been aware of and endeavours to address the potential risks during the tendering process and post management on the performance of sub-contractors, in order to ensure that all suppliers comply with the requirement that has been agreed upon in the contract based on rounds of negotiations. In terms of tendering process, to stabilise the supply chain and avoid the monopoly of supply, the Group normally keeps in touch with three tenders normally. In selection for competent subcontractors, the Group considers the price, reputation, previous job reference, compliance with local laws and regulations in business operation, relevant business licenses, products' specifications and qualification of the team workers. The Group also carries out several rounds of quotations, careful investigation of the product quality, and verification of the environmental management qualification and certification before making decisions. The Group insists on a fair and transparent tendering process, and regulates that factors including law-compliance, business licenses and job reference and certification must be considered in the sub-contractor selection process and archived. Furthermore, the Group conducts periodic reviews on the performance of suppliers and service providers with the objective of better control and assurance on the products and service quality. Our service supervisors also inspect the works performed by the sub-contractors on site, provides relevant advisory support, and records any inappropriate practice, to ensure the quality of work and operating performance meet both the technical and environmental requirements. Any observations of non-compliance or quality problem will be reported immediately to the management.

The Group commits to lessen the negative environmental impact that might arise in sourcing activities. Continuously, we will incorporate sustainability considerations into our sourcing practices including procurement of other office equipment and communicate with suppliers on their environmental and social responsibilities to identify opportunities to improve their current environmental and social practices. The Group values the partnership with its suppliers and believes that a long-term cooperation could drive efficiency, quality and responsible behaviour throughout the value chain.

B.6. Product Responsibility

We have measures in place to deal with the issues of product quality to ensure all products that are supplied to our customers meet our requirements for product safety and quality. Assessment of supplier's background and the quality of their products is performed by the Group before admitted as qualified suppliers. With regard to the Group's health and safety, advertising, labelling and privacy matters of its products and services, the Group was in full compliance with the relevant rules, regulations and standards in Hong Kong, the PRC and Singapore, including but not limited to the:

- Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (Hong Kong);
- Guidelines on Safety of Tower Cranes (Hong Kong);
- Guidelines on Safety of Lift Shaft Works (Hong Kong);
- Code of Practice for Safe Use of Tower Cranes (Hong Kong);
- Boilers and Pressure Vessels Ordinance (Hong Kong);
- Code of Practice for Owners of Boilers and Pressure Vessels (Hong Kong);
- Workplace Safety and Health Act (Singapore);
- Work Injury Compensation Act (Singapore);
- Product Quality Law of the People's Republic of China (中華人民共和國產品質量法);
- Production Safety Law of the People's Republic of China (中華人民共和國安全生產法);
- Patent Law of the People's Republic of China (中華人民共和國專利法);
- Trademark Law of the People's Republic of China (中華人民共和國商標法);
- Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法); and
- Advertising Law of the People's Republic of China (中華人民共和國廣告法).

The Group believes product safety is vital to the core business in Hong Kong and Singapore, as the main requirement of the operation of tower cranes is the guarantee of their reliability under adverse external influences. As Manitowoc is the Group's only supplier of "Potain" brand tower cranes in Hong Kong and Singapore, the Group adheres to the Potain's product operating and maintenance manuals, 'Guidelines on Safety of Tower Cranes' and its internal policies in the maintenance works to eliminate the risks during construction project that might be caused by the aging, failure, or other malfunctions. The basic maintenance including painting, polishing and reinforcement of connecting parts, and lubrication of moving components are carried out on a regular basis, while a more thorough check and maintenance is conducted after the rental period in order to keep the high efficiency of equipment. Before the erection, climbing and dismantling of machines, relevant inspections are necessary and required to be carried out in a discreet way by professionals. In Hong Kong, the subsidiary normally engages external government Authorised Examiners ("**AE**") to perform ultrasonic test and corrosion prevention test along with professional engineering calculations before operations. In Singapore, a certification from AE is necessitated for erected T-cranes. It is worth mentioning that the labour department of the Group in Hong Kong is responsible for enforcing the requirements of OH&S regulations in the company and has, therefore, set up a legislative framework as reference and advisory guides for health and safety assurance in operations. Following the requirement of relevant guidelines about the installation of a secondary braking system in all tower cranes used in job sites updated by the Hong Kong Housing Authority in 2019, the Group has retrofitted and upgraded its fleet accordingly and ensured the stability of all machineries.

The Group understands that customers attach great importance to the quality of energy products provided by the Group. Therefore, the Group must maintain good quality in order to maintain its reputation and secure long-term customer support. As the business segment includes a variety of types of services, such as machinery rental and maintenance, the Group is committed to satisfying all its clients with the best solutions that are tailor-made for each one. The Group has built an in-house servicing team with professional engineers and experts in Hong Kong and Singapore to cope with post-sale issues, such as repair and maintenance. Customers' requests and enquiries regarding the operation of machineries should be resolved in a timely manner. Onsite inspections and guidance are necessary to make sure that the customers of the Group can operate the equipment and achieve their goals safely and successfully.

To ensure a rapid response and efficient problem-solving process, an abundant inventory of replacement and spare components for maintenance is important. As such, the Group has established an efficient system on the management of repair and maintenance items. Once any complaint is received from its clients, the quality control department of the Group will make an investigation and verify the case accordingly. The substantiated complaints are then addressed and the professional team of the Group is responsible for taking corrective actions, ensuring that all customers' complaints can be resolved efficiently. In order to sustain the quality and consistency of the above service and operation, the Group has formulated several standard operation manual so as to standardize the procedure of operation and documentation of record.

The Group welcomes the feedback regardless of whether it is a positive compliment or suggestion for improvement, and sees the valuable piece of advice from its customers as opportunities to sum up experience and enhance service quality. The Group has also set up an internal 'Product Recall Control Procedures' policy, specifying a strict procedure to deal with any matters regarding product recall that might be caused by product defect, safety hazard or non-compliance with relevant regulations.

B.7. Anti-corruption

Honesty, integrity and fair play are important assets in the Group's business. The Group has zero-tolerance for bribery, extortion, fraud and money laundering. During the Reporting Period, the Group has arranged around 2 anti-corruption training courses and seminars to its employees. To maintain a fair, ethical and efficient working environment, the Group abided by the local laws and regulations relating to anti-corruption and bribery in 2020, including but not limited to the:

- Anti-corruption law of the People's Republic of China (中華人民共和國反腐敗法);
- Law of the People's Republic of China on Anti-Money Laundering (中華人民共和國反洗錢法);
- Interim Provisions on Banning Commercial Bribery (國家工商行政管理局關於禁止商業賄賂行為的暫行規定);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong);
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong); and
- Prevention of Corruption Act (Singapore).

To make this strong commitment within our business, the Group has enforced its anti-corruption policies as stipulated in its 'Code of Conduct and Discipline' and 'Staff Handbook' to manage any fraudulent practices within the organisation. The Group prohibits all forms of bribery and corruption and requires all employees to conform to the codes of professional ethics. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities which might exploit their positions against the Group's interests. In 2020, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

Whistleblowing channels, as described in the "Whistle Blowing Policy" has been in place for any reporting on the case of anti-corruption by employees without any fear of receiving any negative impacts. Suspected non-compliance may be reported to the audit committee. Any suspiciously illegal behaviour would be investigated, evaluated and disciplined then to protect the Group's interests. Employees found to have breached our standards and be engaged in misconduct will be investigated and may be subject to termination of contract, dismissal, or criminal proceedings.

In 2020, the Group was in compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

B.8. Community Investment

It is the one of the core values of the Group to generate significant upstream and downstream impacts on sustainability in the surrounding environment with its community members. The Group is committed to exert available resources to support our community and encourage our employees to participate in various charitable and voluntary activities.

The Group will continue to uphold the principles of accountability to shareholders, investors, suppliers, customers and seek further development opportunities to maintain a harmonious relationship with the stakeholders and enhance its social responsibilities as a corporate citizen to make positive contributions to the public community.

Grant Thornton
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TO THE MEMBERS OF EAGLE LEGEND ASIA LIMITED 鵬程亞洲有限公司
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Eagle Legend Asia Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 64 to 162, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

In our auditor's report dated 27 March 2020 on the consolidated financial statements for the year ended 31 December 2019, we disclaimed an opinion due to, amongst other matters, a limitation in the scope of our audit relating to the profit from the discontinued operation of approximately HK$81,785,000 for the year ended 31 December 2019, assets classified as held for sale of approximately HK$578,424,000 and liabilities associated with assets classified as held for sale of approximately HK$30,795,000 as at 31 December 2019 and the related disclosures of Best Earnest Investments Limited (佳誠投資有限公司) ("Best Earnest") and its subsidiaries including Guangdong Dahe Biological Technologies Limited (廣東大合生物科技股份有限公司) ("Guangdong Dahe") (the "Disposal Group"). As a result, we were unable to obtain sufficient appropriate audit evidence regarding the opening balances and corresponding figures and there were no alternative audit procedures to satisfy ourselves as to whether the opening balances and corresponding figures were free from material misstatement. Any adjustments that might have been found necessary may have a consequential effect on the Group's assets and liabilities as at 1 January 2020, accumuldated losses at 1 January 2020 and its results for the year ended 31 December 2020.

BASIS OF DISCLAIMER OF OPINION *(Continued)*

On 24 June 2020, the Group disposed 51% equity interest of Best Earnest to a purchaser, who is one of the shareholders of Best Earnest and the Company, loss on disposal of the Disposal Group of approximately HK$68,272,000 and the loss for the period from 1 January 2020 to 24 June 2020 from discontinued operation of approximately HK$1,234,000 for the period from 1 January 2020 to 24 June 2020 were recorded in the consolidated statement of profit or loss and other comprehensive income. Due to the limitation of scope as described above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the loss on disposal of the Disposal Group and the loss for the period from 1 January 2020 to 24 June 2020 from discontinued operation for the period from 1 January 2020 to 24 June 2020 and the related disclosures were fairly stated.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

26 March 2021

Ng Ka Kong
Practising Certificate No.: P06919

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Continuing operations			
Revenue	8	143,061	124,473
Cost of sales and services		(76,193)	(70,682)
Gross profit		66,868	53,791
Other income and gains	9	5,829	1,410
Selling and distribution expenses		(1,690)	(2,851)
Administrative expenses		(61,994)	(52,505)
Other operating expenses	10	(53,713)	(42,741)
Finance costs	11	(17,789)	(22,022)
Loss before income tax	12	(62,489)	(64,918)
Income tax expense	14	(550)	(567)
Loss for the year from continuing operations		(63,039)	(65,485)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	13	(1,234)	81,785
Loss on disposal of subsidiaries	43	(68,272)	–
(Loss)/profit for the year from discontinued operations		(69,506)	81,785
(Loss)/profit for the year		(132,545)	16,300
Continuing operations			
Other comprehensive income/(loss)			
Item that will not be reclassified to profit or loss:			
Loss on revaluation of properties, net of tax		–	(699)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		52	276
Other comprehensive income/(loss) for the year from continuing operations		52	(423)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Discontinued operations			
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(8,481)	(7,657)
Translation reserve released upon disposal of subsidiaries		9,042	–
Other comprehensive income/(loss) for the year from discontinued operations		561	(7,657)
Other comprehensive income/(loss) for the year		613	(8,080)
Total comprehensive (loss)/income for the year		(131,932)	8,220
(Loss)/profit for the year attributable to:			
Owners of the Company			
– Continuing operations		(62,999)	(65,442)
– Discontinued operations		(68,901)	33,269
Loss for the year attributable to owners of the Company		(131,900)	(32,173)
Non-controlling interests			
– Continuing operations		(40)	(43)
– Discontinued operations		(605)	48,516
(Loss)/profit for the year attributable to non-controlling interests		(645)	48,473
		(132,545)	16,300
Total comprehensive (loss)/income attributable to:			
– Owners of the Company		(126,266)	(36,314)
– Non-controlling interests		(5,666)	44,534
		(131,932)	8,220
Loss per share from continuing and discontinued operations			
– Basic and diluted (HK cents)	*16(i)*	(12.44)	(3.04)
Loss per share from continuing operations			
– Basic and diluted (HK cents)	*16(ii)*	(5.94)	(6.17)
(Loss)/earnings per share from discontinued operations			
– Basic and diluted (HK cents)	*16(iii)*	(6.50)	3.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*18*	**138,810**	136,431
Right-of-use assets	*19*	**130,585**	104,793
Intangible assets	*20*	**2,466**	–
Deferred tax assets	*34*	**101**	101
Deposit	*26*	**1,097**	322
Trade receivables	*25*	**298**	–
		273,357	241,647
Current assets			
Properties under development	*23*	**95,598**	–
Inventories and consumables	*24*	**11,561**	11,869
Trade receivables	*25*	**64,224**	43,083
Prepayments, deposits and other receivables	*26*	**10,960**	6,653
Cash and cash equivalents	*27*	**29,953**	25,326
		212,296	86,931
Assets classified as held for sale	*41*	**–**	578,424
		212,296	665,355
Current liabilities			
Trade payables	*28*	**58,704**	35,718
Receipt in advance, accruals and other payables	*29*	**60,941**	49,543
Contract liabilities	*29*	**4,720**	78
Borrowings	*30*	**7,797**	2,153
Shareholder's loans	*31*	**83,000**	183,000
Lease liabilities	*32*	**36,143**	26,740
Amount due to a related company	*45*	**–**	40,000
Tax payable		**440**	188
		251,745	337,420
Liabilities directly associated with assets classified as held for sale	*41*	**–**	30,795
		251,745	368,215
Net current (liabilities)/assets		**(39,449)**	297,140
Total assets less current liabilities		**233,908**	538,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Borrowings	*30*	**65,363**	11,707
Lease liabilities	*32*	**39,072**	34,305
Deferred tax liabilities	*34*	**2,197**	2,197
		106,632	48,209
Net assets		**127,276**	490,578
EQUITY			
Share capital	*35*	**10,600**	10,600
Reserves	*36*	**116,208**	224,937
Equity attributable to the owners of the Company		**126,808**	235,537
Non-controlling interests	*40*	**468**	255,041
Total equity		**127,276**	490,578

Guo Peineng
Executive Director

Zhao Yi
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital HK$'000	Share premium* HK$'000	Statutory reserve* HK$'000	Merger reserve* HK$'000	Capital reserve* HK$'000	Property revaluation reserve* HK$'000	Translation reserve* HK$'000	Accumulated losses* HK$'000	Equity attributable to the owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2019	10,600	346,824	5,657	120,985	–	11,508	3,600	(227,323)	271,851	210,507	482,358
(Loss)/profit for the year	–	–	–	–	–	–	–	(32,173)	(32,173)	48,473	16,300
Loss on revaluation of land and building held for own use, net of tax	–	–	–	–	–	(699)	–	–	(699)	–	(699)
Exchange difference on translating foreign operations	–	–	–	–	–	–	(3,442)	–	(3,442)	(3,939)	(7,381)
Total comprehensive income for the year	–	–	–	–	–	(699)	(3,442)	(32,173)	(36,314)	44,534	8,220
Transfer to statutory reserve	–	–	636	–	–	–	–	(636)	–	–	–
Transfer the revaluation reserve to accumulated losses upon disposal of the land and building	–	–	–	–	–	(10,809)	–	10,809	–	–	–
Balance at 31 December 2019 and 1 January 2020	10,600	346,824	6,293	120,985	–	–	158	(249,323)	235,537	255,041	490,578
Loss for the year	–	–	–	–	–	–	–	(131,900)	(131,900)	(645)	(132,545)
Exchange difference on translating foreign operations	–	–	–	–	–	–	(3,408)	–	(3,408)	(5,021)	(8,429)
Translation reserve released upon disposal of subsidiaries (note 43)	–	–	–	–	–	–	9,042	–	9,042	–	9,042
Total comprehensive loss for the year	–	–	–	–	–	–	5,634	(131,900)	(126,266)	(5,666)	(131,932)
Transactions with equity holders in their capacity as owners:											
Transfer to statutory reserve	–	–	2,378	–	–	–	–	(2,378)	–	–	–
Deemed contribution from a shareholder	–	–	–	–	17,537	–	–	–	17,537	–	17,537
Disposal of subsidiaries (note 43)	–	–	(6,293)	–	–	–	–	6,293	–	(248,907)	(248,907)
Balance at 31 December 2020	10,600	346,824	2,378	120,985	17,537	–	5,792	(377,308)	126,808	468	127,276

* At 31 December 2020, the reserves accounts comprise the consolidated reserves of approximately HK$116,208,000 (2019: approximately HK$224,937,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
(Loss)/profit before income tax			
– From continuing operations		**(62,489)**	(64,918)
– From discontinued operations		**(69,506)**	81,785
		(131,995)	16,867
Adjustments for:			
Bank interest income	*9*	**(4)**	(152)
Gain on disposal of property, plant and equipment	*9*	**(3)**	(40)
Amortisation of deferred government grants for acquisition of property, plant and equipment	*9*	**–**	(974)
Impairment loss/(recovery of impairment loss) on trade receivables, net	*12*	**618**	(208)
Reversal of written-off of impairment loss provision of trade receivables	*12*	**–**	(360)
Written-off of trade receivables	*12*	**747**	–
Gain arising from changes in fair value less costs to sell of biological assets	*22*	**–**	(94,158)
Depreciation of property, plant and equipment	*12*	**29,473**	39,867
Depreciation of right-of-use assets	*12*	**23,418**	19,511
Impairment loss on property, plant and equipment	*12*	**59**	–
Impairment loss on right-of-use assets	*12*	**5,641**	–
Provision for inventories, net	*12*	**1,255**	–
Amortisation of intangible assets	*12*	**822**	–
Interest expenses	*11*	**17,789**	22,116
Written off of property, plant and equipment	*12*	**–**	3,257
Loss on disposal of subsidiaries	*43*	**68,272**	–
Operating profit before working capital changes		**16,092**	5,726
Increase in biological assets		**–**	(287)
Decrease in inventories and consumables		**5,930**	19,720
Increase in properties under development		**(95,598)**	–
Increase in trade receivables		**(20,677)**	(43,187)
Increase in prepayments, deposits and other receivables		**(4,958)**	(6,317)
Increase in trade payables		**21,185**	21,506
Increase in receipt in advance, accruals and other payables		**10,489**	8,494
Increase/(decrease) in contract liabilities		**4,432**	(2,780)
Cash (used in) generated from operations		**(63,105)**	2,875
Interest paid		**(5,172)**	(3,933)
Income tax paid		**(332)**	–
Net cash used in operating activities		**(68,609)**	(1,058)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Cash flows from investing activities			
Interest received		4	152
Purchase of property, plant and equipment		(29,600)	(19,409)
Payments for plantation costs and others to immature bearer plants		–	(7,876)
Proceeds from disposal of property, plant and equipment and right-of-use assets		3	11,934
Net proceeds from disposal of discontinued operations	*43*	144,660	–
Acquisition of subsidiary, net of cash acquired		736	–
Net cash generated from/(used in) investing activities		115,803	(15,199)
Cash flows from financing activities			
Repayment of lease liabilities	*42(b)*	(48,443)	(33,069)
Repayment of borrowings	*42(b)*	(3,014)	(2,105)
Proceeds from borrowings	*42(b)*	62,489	–
Proceeds from shareholder's loans	*42(b)*	–	5,000
Repayment of shareholder's loans	*42(b)*	(100,000)	–
Advance from a related company	*45(a)*	60,000	40,000
Repayment to related companies	*45(a)*	(100,000)	–
Net cash (used in)/generated from financing activities		(128,968)	9,826
Net decrease in cash and cash equivalents		(81,774)	(6,431)
Cash and cash equivalents at the beginning of year		112,224	120,487
Effect of exchange rates changes on cash and cash equivalents		(497)	(1,832)
Cash and cash equivalents at the end of year		29,953	112,224
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents		29,953	25,326
Cash and cash equivalents included in a disposal group classified as held for sale		–	86,898
Cash and cash equivalents at the end of year		29,953	112,224

1. GENERAL

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands, which is relocated from P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands with effect from 16 December 2020. Its principal place of business in Hong Kong is located at No. 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 ("Construction Equipment Business"); (ii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings ("Plantation Business") and (iii) property development ("Property Development Business"). 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 principal activities of the subsidiaries are described in note 39.

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 ("Harbour Luck") which is incorporated in Hong Kong with limited liability.

2. BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements on page 64 to 162 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

2. BASIS OF PREPARATION *(Continued)*

2.1 Basis of preparation *(Continued)*

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 4.

At the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK$39,449,000. 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 31 December 2020, on the basis that an undertaking from the immediate and ultimate holding company not to demand for repayment of the unsecured shareholder's loans due by the Group of approximately HK$83,000,000 as at 31 December 2020 until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business and obtain financial support from one of the substantial shareholders of the Company.

The consolidated financial statements have been prepared on the historical cost basis. Disposal group held for sale is stated the lower of carrying amount and fair value less costs to sell. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

2.2 Functional and presentation currencies

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

3. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2020 were approved and authorised for issue by the board of Directors (the "Board") on 26 March 2021.

4. ADOPTION OF NEW AND AMENDED HKFRSs

4.1 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 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

In addition, on 1 January 2020, the Group has early applied the Amendments to HKFRS 16 "Covid-19-Related Rent Concessions" ("Amendments to HKFRS 16") which will be effective for the Group for financial year beginning on or after 1 June 2020.

Other than as noted below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKFRS 16

Amendments to HKFRS 16 only apply to lessee accounting and have no effect on lessor accounting. The amendments provide a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 ("COVID-19-Related Rent Concessions") are lease modification and, instead, account for those rent concessions as if they were not lease modifications.

The practical expedient is only applicable to COVID-19-Related Rent Concessions 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.

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

4.1 Amended HKFRSs that are effective for annual periods beginning or after 1 January 2020 *(Continued)*

Amendments to HKFRS 16 *(Continued)*

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-Related Rent Concessions granted to the Group during the year.

The lessor of lease liabilities granted a deferral of repayment of lease liabilities of six months of approximately HK$2,816,000. Approximately HK$1,688,000 related to the repayment during the year was deferred.

4.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[5]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective date not yet determined
5 Effective for business combination/common control combination for which the acquisition date/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The above new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition–date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill or gain on bargain purchases only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company but no adjustments are made to goodwill and no gain or loss is recognised.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.1 Business combination and basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

5.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

5.3 Property, plant and equipment and right-of-use assets

The cost of property, plant and equipment (other than construction in progress as described below) and cost of right-of-use assets as described in note 5.5 includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Building carried at cost	30 years
Leasehold improvements	5 to 30 years
Plant and machinery	5 to 10 years
Furniture and fixture	5 to 6 years
Office and other equipment	2 to 6 years
Motor vehicles	3 to 5 years

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.3 Property, plant and equipment and right-of-use assets *(Continued)*

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the reporting date.

Accounting policy for depreciation of right-of-use assets is set out in note 5.5.

Construction in progress is stated at cost less impairment losses. Construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.4 Intangible assets (other than goodwill)

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 licenses	3 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets, with finite useful lives, are tested for impairment as described in note 5.16.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.5 Leases

(a) Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of land in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined and the Group's incremental borrowing rate.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.5 Leases *(Continued)*

(a) Definition of a lease and the Group as a lessee *(Continued)*

Measurement and recognition of leases as a lessee *(Continued)*

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments changes due to changes in market rental rates following a market rent review under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification. The only exception is any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 "Leases". In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.5 Leases *(Continued)*

(a) Definition of a lease and the Group as a lessee *(Continued)*

Measurement and recognition of leases as a lessee *(Continued)*

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-leases as two separate contracts. The sub-leases are classified as a finance or operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the short-term lease exemption, then the Group classifies the sub-lease as an operating lease.

The Group sub-leases some of its machineries and the sub-lease contracts are classified as operating leases.

Rental income is recognised on a straight-line basis over the term of the lease.

5.6 Financial Instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.6 Financial Instruments *(Continued)*

Financial assets *(Continued)*

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss. The Group's trade receivables, other receivables, deposits and cash and cash equivalents fall into this category of financial instruments.

Fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's FVTOCI. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.6 Financial Instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets

The Group recognises loss allowances for ECLs on trade and other receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases; (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs; these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables. The ECL on trade receivables are estimated by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECL also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of debtors to settle receivables. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from COVID-19. The Group recognises lifetime ECL for trade receivables based on individual significant customers or the ageing of customers collectively that are not individually significant.

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

Significant increase in credit risk

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

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

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.6 Financial Instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets *(Continued)*

Definition of default (Continued)

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

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

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

– significant financial difficulties of the issuer or the borrower;

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

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

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

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

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

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. Interest income on non credit-impaired financial assets is calculated based on the gross carrying amount.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.6 Financial Instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

Write-off policy (Continued)

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities other than lease liabilities/finance lease liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred. The Group's financial liabilities include trade and other payables, accruals, borrowings, amount due to a related company, shareholder's loans and leases liabilities.

Financial liabilities other than lease liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as in accordance with the Group's accounting policy for borrowing costs which are set out in note 5.17.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability, and, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment in the profit or loss. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Accounting policies of lease liabilities are set out in note 5.5.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Other financial liabilities

Other financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.6 Financial Instruments *(Continued)*

Financial liabilities *(Continued)*

Other financial liabilities *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

5.7 Inventories and consumables

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories for sales of cranes and spare parts is calculated using first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Consumables for own consumption or provision of services are stated at cost. Cost is determined using the weighted average method.

5.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.9 Disposal groups held for sale and discontinued operations

Disposal groups held for sale

Disposal groups comprising assets and liabilities that are highly probable to be recovered principally through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets, right-of-use assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

Discontinued operations

A discontinued operations is a component of the Group that either has been disposed of, or is classified as held for sale. The component comprises operations and cash flows that can be clearly distinguished from the rest of the Group and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount in the consolidated statement of profit or loss and other comprehensive income comprising the total of: (i) the post-tax profit or loss of discontinued operations and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operations.

5.10 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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.11 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue is net of value added tax or other sales taxes, if any and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates or enhances an asset that the customer controls as the Group performs; or

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

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Under HKFRS 15, revenue from sales of machinery and spare parts are recognised at a point in time upon delivery and there is no unfulfilling performance obligation after the acceptance of goods. There is generally only one performance obligation in a contract. There is no material variable consideration and right of return. Revenue from services is recognised over time upon completion of services and there is no unfulfilling performance obligation after the service rendered. There is generally only one performance obligation in a contract. There is no material variable consideration and right of return. Services income of the Group mainly represents service derived from including erection, climbing and dismantling of tower cranes. The services period is, in general, ranging from 1 to 14 days or based on the requirements of the services provided.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.11 Revenue recognition *(Continued)*

Interest income is recognised on a time-proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

Accounting policies for rental income are set out in note 5.5.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

– the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

– the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

– the costs are expected to be recovered.

The Group applies practical expedient to recognise all contract costs as an expense immediately if the amortisation period of such costs would not have exceeded 12 months.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.12 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised direct in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- the Group has the legally enforceable right to set off the recognised amounts; and

- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.13 Foreign currency

Transactions entered into by the Company/group entities in currencies other than currency of the primary economic environment in which it/they operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.14 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The employees of the Company's subsidiaries which operate in Hong Kong are required to participate in the Mandatory Provident Fund ("MPF") Schemes, for all of its employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Company's subsidiaries which operate in Singapore are required to participate in the Central Provident Fund ("CPF") Scheme, for all of its employees who are eligible to participate in the CPF scheme. The Group is required to contribute a certain percentage of its payroll costs to the CPF scheme.

The employees of the Company's subsidiaries which operate in Macao Special Administrative Region ("Macau") and the People's Republic of China, excluding Hong Kong Special Administrative Region ("Hong Kong"), Macau and Taiwan, (the "PRC") are required to participate in central pension scheme operated by the local municipal governments. The Group is required to contribute certain percentage of its payroll costs to the central pension schemes in Macau and the PRC.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.15 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

5.16 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following 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:

– Property, plant and equipment under cost model;

– Right-of-use assets;

– Investments in subsidiaries; and

– Intangible assets

All assets other than financial assets are tested for impairment whenever there are indications that the assets carrying amount may not be recoverable.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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 HKFRSs, in which case the impairment loss is treated as a revaluation decrease under that HKFRSs.

For the purposes of assessing impairment, where an asset does 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.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.16 Impairment of non-financial assets *(Continued)*

Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 HKFRSs, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRSs.

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.

5.17 Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use for sale are complete. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5.18 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deferred and recognised in profit or loss over the useful life of the assets. Government grants relating to income is presented in gross under “other income and gains” in the consolidated statement of profit or loss and other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.19 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

5.20 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issuance of share over the par value. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

5.21 Segment reporting

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

The Group has identified the following reportable segments by continuing operations and discontinued operations:

– Hong Kong

– Singapore

– Vietnam

– Macau

– PRC

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.21 Segment reporting *(Continued)*

Each of these operating segments is managed separately as each of the product and service lines requires different resources. All inter-segment transfers are carried out at prices mutually agreed between the parties.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that:

– Interests on shareholder's loans

– Certain finance costs

– Loss on disposal of subsidiaries

– Corporate income and expenses which are not directly attributable to the business activities or any operating segment are not included in arriving the operating results of the 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 shareholder's loans and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

5.22 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

5.22 Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions apply: *(Continued)*

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

6.1 Useful life of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

6.2 Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories amounting to HK$11,561,000 as at 31 December 2020 (2019: HK$11,869,000). The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. As at 31 December 2020, the Group has made a provision for inventories of HK$1,255,000 (2019: Nil).

6.3 Loss allowance for trade and other receivables

This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the ECL of trade and other receivables during their expected lives. Detail of the loss allowance for trade and other receivables are disclosed in note 25, note 26 and note 46(b).

6.4 Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment or reversal of impairment for all non-financial assets amounting to HK$271,861,000 as at 31 December 2020 (2019: $241,224,000). Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating units and choose a suitable discount rate in order to calculate the present value to those cash flows. When fair value less costs of disposal calculations are undertaken, the fair value was estimated using relevant valuation technique and make reference to recent market comparative for similar assets adjusted for differences in condition in order to determine the fair value. As at 31 December 2020, the Group has made impairment loss for property, plant and equipments of HK$59,000 (2019: HK$Nil) and right-of-use assets of HK$5,641,000 (2019: HK$Nil) respectively.

6.5 Impairment of property under development

The Group assesses the carrying amounts of properties under development according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

7. 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 13.

On 24 April 2020, the Group acquired a land for property development. The Group considered 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 shareholder's loans and 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 Group's executive Directors is set out below:

	Continuing operations									Discontinued operations			
	Construction Equipment Business							Property Development 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$'000	Hong Kong HK$'000	Sub-total HK$'000	Hong Kong HK$'000	PRC HK$'000	Sub-total HK$'000	Total HK$'000
Year ended 31 December 2020													
Revenue													
From external customers	41,792	53,009	–	–	48,260	–	143,061	–	143,061	–	–	–	143,061
From inter segment	18,016	–	–	–	–	(18,016)	–	–	–	–	–	–	–
Reportable segment revenue	59,808	53,009	–	–	48,260	(18,016)	143,061	–	143,061	–	–	–	143,061
Reportable segment (loss)/profit	(31,302)	(3,520)	(120)	(42)	5,675	101	(29,208)	(1,672)	(30,880)	(1,234)	–	(1,234)	(32,114)
Loss on disposal of subsidiaries							–		–			(68,272)	(68,272)
Interest on shareholder's loans							(12,617)		(12,617)			–	(12,617)
Unallocated corporate expenses													
– Corporate staff costs							(13,314)		(13,314)			–	(13,314)
– Others							(6,228)		(6,228)			–	(6,228)
Loss for the period							(61,367)		(63,039)			(69,506)	(132,545)

7. SEGMENT INFORMATION *(Continued)*

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

	Continuing operations									Discontinued operations			
	Construction Equipment Business							Property Development 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$'000	Hong Kong HK$'000	Sub-total HK$'000	Hong Kong HK$'000	PRC HK$'000	Sub-total HK$'000	Total HK$'000
Other reportable segment information													
Interest income	–	2	–	–	2	–	4	–	4	–	–	–	4
Interest expenses	(1,324)	(1,825)	–	–	(646)	–	(3,795)	(1,377)	(5,172)	–	–	–	(5,172)
Depreciation of non-financial assets	(24,842)	(22,978)	–	–	(5,071)	–	(52,891)	–	(52,891)	–	–	–	(52,891)
Amortisation of intangible assets	–	–	–	–	(822)	–	(822)	–	(822)	–	–	–	(822)
Gain on disposal of property, plant and equipment	3	–	–	–	–	–	3	–	3	–	–	–	3
(Provision for)/reversal of provision for inventories	(1,360)	105	–	–	–	–	(1,255)	–	(1,255)	–	–	–	(1,255)
Impairment loss on trade receivables, net	(597)	(21)	–	–	–	–	(618)	–	(618)	–	–	–	(618)
Written-off of trade receivables	(729)	(18)	–	–	–	–	(747)	–	(747)	–	–	–	(747)
Impairment loss on property, plant and equipment	(59)	–	–	–	–	–	(59)	–	(59)	–	–	–	(59)
Impairment loss on right-of-use assets	(5,641)	–	–	–	–	–	(5,641)	–	(5,641)	–	–	–	(5,641)
Income tax expense	–	–	–	–	(550)	–	(550)	–	(550)	–	–	–	(550)
Additions to non-current segment assets during the year	8,158	38,126	–	–	48,783	–	95,067	–	95,067	–	–	–	95,067

7. SEGMENT INFORMATION *(Continued)*

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

	Continuing operations									Discontinued operations			
	Construction Equipment Business							Property development 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$'000	Hong Kong HK$'000	Sub-total HK$'000	Hong Kong HK$'000	PRC HK$'000	Sub-total HK$'000	Total HK$'000
At 31 December 2020													
Reportable segment assets	96,809	193,598	48	148	83,868	(2,510)	371,961	99,075	471,036	–	–	–	471,036
Other unallocated segment asset							14,617		14,617			–	14,617
Total assets							386,578		485,653			–	485,653
Reportable segment liabilities	61,761	76,998	581	43	76,070	–	215,453	40,649	256,102	–	–	–	256,102
Shareholder's loans							83,000		83,000			–	83,000
Other unallocated segment liability							19,275		19,275			–	19,275
Total liabilities							317,728		358,377			–	358,377

	Continuing operations						Discontinued operations			
	Construction Equipment Business						Plantation Business			
	Hong Kong HK$'000	Singapore HK$'000	Vietnam HK$'000	Macau HK$'000	PRC HK$'000	Sub-total HK$'000	Hong Kong HK$'000	PRC HK$'000	Sub-total HK$'000	Total HK$'000
Year ended 31 December 2019										
Revenue										
From external customers	62,162	54,354	–	–	7,957	124,473	–	28,535	28,535	153,008
From inter segment	–	–	–	–	–	–	–	–	–	–
Reportable segment revenue	62,162	54,354	–	–	7,957	124,473	–	28,535	28,535	153,008
Reportable segment (loss)/profit	(18,625)	(15,633)	(128)	(42)	574	(33,854)	(970)	82,755	81,785	47,931
Interest on shareholder's loans						(18,183)			–	(18,183)
Unallocated corporate expenses						(13,448)			–	(13,448)
(Loss)/profit for the year						(65,485)			81,785	16,300

7. SEGMENT INFORMATION *(Continued)*

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

	Continuing operations						Discontinued operations			
	Construction Equipment Business						Plantation Business			
	Hong Kong HK$'000	Singapore HK$'000	Vietnam HK$'000	Macau HK$'000	PRC HK$'000	Sub-total HK$'000	Hong Kong HK$'000	PRC HK$'000	Sub-total HK$'000	Total HK$'000
Other reportable segment information										
Interest income	1	–	–	–	–	1	–	151	151	152
Interest expenses	(1,989)	(1,849)	–	–	(1)	(3,839)	–	(94)	(94)	(3,933)
Gain arising from changes in fair value less costs to disposal of biological assets	–	–	–	–	–	–	–	94,158	94,158	94,158
Depreciation of non-financial assets	(18,673)	(24,068)	–	–	–	(42,741)	–	(16,637)	(16,637)	(59,378)
Recovery of impairment loss on trade receivables, net	137	71	–	–	–	208	–	–	–	208
Gain/(loss) on disposal of property, plant and equipment	52	(12)	–	–	–	40	–	–	–	40
Amortisation of deferred government grants for acquisition of property, plant and equipment	–	–	–	–	–	–	–	974	974	974
Income tax expense	(376)	–	–	–	(191)	(567)	–	–	–	(567)
Additions to non-current segment assets during the year	10,268	6,082	–	–	–	16,350	–	17,366	17,366	33,716

	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$'000	Hong Kong HK$'000	PRC HK$'000	Sub-total HK$'000	Total HK$'000
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

7. SEGMENT INFORMATION *(Continued)*

(b) 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.

As disclosed in note 13, on 20 December 2019, the board of directors of the Company resolved to dispose of the Plantation Business.

	For the year ended 31 December							
	Continuing operations				Discontinued operations			
	Construction Equipment Business (Note (i))		Property Development Business		Plantation Business (Note (ii))		Total	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Primary geographical markets								
Hong Kong (place of domicile)	38,401	62,162	–	–	–	–	38,401	62,162
Singapore	50,136	49,340	–	–	–	–	50,136	49,340
PRC	48,261	7,957	–	–	–	28,535	48,261	36,492
Holland	2,596	–	–	–	–	–	2,596	–
United Arab Emirates	2,486	–	–	–	–	–	2,486	–
Korea	839	7	–	–	–	–	839	7
Vietnam	122	4,022	–	–	–	–	122	4,022
Sri Lanka	89	985	–	–	–	–	89	985
Thailand	66	–	–	–	–	–	66	–
Indonesia	65	–	–	–	–	–	65	–
Total	143,061	124,473	–	–	–	28,535	143,061	153,008

Notes:

(i): The revenue under Construction Equipment Business is derived from the reportable segments in Hong Kong, PRC and Singapore.

(ii): The revenue under Plantation Business is derived from the reportable segment in PRC.

7. SEGMENT INFORMATION *(Continued)*

The following table presents non-current assets (excluding deferred tax assets) by location of assets.

Continuing operations

Non-current assets

	Hong Kong (domicile) HK$'000	Singapore HK$'000	PRC HK$'000	Total HK$'000
At 31 December 2020	**67,406**	**161,294**	**44,258**	**272,958**
At 31 December 2019	92,011	149,535	–	241,546

Discontinued operations

Non-current assets

	Hong Kong HK$'000	Singapore HK$'000	PRC (domicile) HK$'000	Total HK$'000
At 31 December 2020	**–**	**–**	**–**	**–**
At 31 December 2019	–	–	300,435	300,435

The Group's revenue from external customers for different products and services is set out in note 8.

Information about major customer

During the year ended 2020, revenue from customer A of the Group's PRC segment amounting to approximately HK$17,729,000, which represented approximately 12% of the Group's consolidated revenue in continuing operations (2019: N/A).

During the year ended 2019, revenue from customer B of the Group's Hong Kong segment amounting to approximately HK$20,483,000, which represented approximately 16% of the Group's consolidated revenue in continuing operations (2020: N/A).

8. REVENUE

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

	2020 HK$'000	2019 HK$'000
Continuing operations		
Revenue from Contract with Customers within the scope of HKFRS 15:		
Sales of machinery	12,171	21,700
Sales of spare parts	2,025	5,318
Service income	27,715	45,864
	41,911	72,882
Revenue from other sources:		
Rental income from leasing of owned plant and machinery and right-of-use assets	64,358	51,299
Rental income from subleasing of short-term leases related to plant and machinery	36,792	292
	101,150	51,591
	143,061	124,473
Discontinued operations		
Revenue from Contract with Customers within the scope of HKFRS 15:		
Sales of dried exocarpium citri grandis ("Dried Fruits") *(note 13)*	–	28,535
	143,061	153,008

8. 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 year ended 31 December					
	Continuing operations		Discontinued operations			
	Construction Equipment Business *(note (i))*		Plantation Business *(note (ii))*		Total	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Timing of revenue recognition under HKFRS 15						
At a point in time	14,196	27,018	–	28,535	14,196	55,553
Transferred over time	27,715	45,864	–	–	27,715	45,864
	41,911	72,882	–	28,535	41,911	101,417
Revenue from other sources	101,150	51,591	–	–	101,150	51,591
	143,061	124,473	–	28,535	143,061	153,008

Notes:

(i) The revenue under Construction Equipment Business is derived from the reportable segments in Hong Kong, PRC and Singapore.

(ii) The revenue under Plantation Business is derived from the reportable segment in PRC.

9. OTHER INCOME AND GAINS

	2020 HK$'000	2019 HK$'000
Continuing operations		
Bank interest income	4	1
Exchange gain, net	872	480
Compensation received	568	279
Gain on disposal of property, plant and equipment	3	40
Recovery of impairment loss on trade receivables, net	–	208
Government grants *(note)*	4,097	–
Others	285	402
	5,829	1,410
Discontinued operations		
Bank interest income	–	151
Government grants for property, plant and equipment	–	974
Compensation received	–	91
	–	1,216
	5,829	2,626

Note:

Being the grants received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes under the Anti-epidemic Fund as launched by the Government of the Hong Kong Special Administrative Region (the "Hong Kong Government") and grants received from the Job Support Scheme to support COVID-19 epidemic launched by the Ministry of Manpower of Singapore.

10. OTHER OPERATING EXPENSES

	2020 HK$'000	2019 HK$'000
Continuing operations		
Depreciation of property, plant and equipment:		
– Owned assets	29,473	23,362
– Right-of-use assets	23,418	19,379
Amortisation of intangible assets	822	–
	53,713	42,741
Discontinued operations		
Depreciation of property, plant and equipment:		
– Owned assets	–	16,505
– Assets held under lease liabilities	–	132
Maintenance cost of mature bearer plants	–	10,861
	–	27,498
	53,713	70,239

11. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Continuing operations		
Interest charges on financial liabilities stated at amortised cost:		
– Borrowings	783	416
– Shareholder's loans	12,617	18,183
– Lease liabilities	2,943	3,423
– Amounts due to related companies	1,446	–
	17,789	22,022
Discontinued operations		
Interest charges on financial liabilities stated at amortised cost:		
– Lease liabilities *(note 13)*	–	94
	17,789	22,116

12. LOSS BEFORE INCOME TAX

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

	2020 HK$'000	2019 HK$'000
Continuing operations		
Auditor's remuneration		
– Current year	1,149	1,147
Cost of inventories recognised as an expense	1,269	2,876
Amortisation of intangible assets	822	–
Depreciation of property, plant and equipment	29,473	23,362
Depreciation of right-of-use assets	23,418	19,379
Impairment loss/(recovery of impairment loss) on trade receivables, net	618	(208)
Reversal of written-off of impairment loss provision of trade receivables	–	(360)
Written-off of trade receivables	747	–
Gain on disposal of property, plant and equipment	(3)	(40)
Written off of property, plant and equipment	–	306
Impairment loss of property, plant and equipment	59	–
Impairment loss of right-of-use assets	5,641	–
Provision for inventories, net	1,255	–
Lease charges in respect of short term leases	25,826	2,303
Income from subleasing right-of-use assets	(19,391)	(24,384)
Employee costs (including Directors' remuneration *(note 17) (note (i))*		
– Wages, salaries and bonuses	43,023	40,446
– Contribution to defined contribution plans	1,986	2,940
	45,009	43,386
Net foreign exchange gain *(note 9)*	(872)	(480)
Discontinued operations		
Cost of inventories recognised as an expense	–	28,846
Depreciation of property, plant and equipment *(note 10)*		
– Owned assets	–	16,505
– Assets held under lease liabilities	–	132
	–	16,637
Maintenance cost of mature bearer plants *(note 10)*	–	10,861
Written off of property, plant and equipment	–	2,951
Employee costs (including Directors' remuneration)		
– Wages, salaries and bonuses	–	1,995
– Contribution to defined contribution plans	–	577
	–	2,572

12. LOSS BEFORE INCOME TAX *(Continued)*

Note:

(i) Employee costs (including Directors' remuneration) had been included in cost of sales and services of approximately HK$7,527,000 (2019: HK$7,200,000) and administrative expenses of approximately HK$37,482,000 (2019: HK$36,186,000).

13. 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 financial statements 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 statement of financial position of the Group and separately shown as assets classified as held for sale and liabilities associated with assets held for sale, respectively (note 41). On 20 December 2019, the Board of the Company resolved to dispose of the Plantation Business.

On 24 February 2020, the Group and a purchaser, who is one of the shareholder of Best Earnest Investments Limited (佳誠投資有限公司) ("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 51% shares for a total consideration of HK$230,000,000 (the "Disposal"). The Disposal was completed on the Disposal Date.

For the details of the Disposal, please refer to the Company's announcements dated 24 February 2020, 6 March 2020, 19 March 2020, 22 May 2020, 8 July 2020 and 10 July 2020 and its circular dated 7 May 2020, respectively.

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

The results of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below.

13. DISCONTINUED OPERATIONS *(Continued)*

	From 1 January 2020 to 24 June 2020 HK$'000	For the year ended 31 December 2019 HK$'000
Revenue *(note 8)*	–	28,535
Cost of sales	–	(9,506)
Gross profit	–	19,029
Gain arising from changes in fair value less costs to sell of biological assets	–	94,158
Other income *(note 9)*	–	1,216
Selling and distribution expenses	–	(28)
Administrative expenses	(1,234)	(4,998)
Other operating expenses *(note 10)*	–	(27,498)
Finance costs *(note 11)*	–	(94)
(Loss)/profit before income tax	(1,234)	81,785
Income tax expense	–	–
(Loss)/profit after income tax from discontinued operations	(1,234)	81,785
(Loss)/profit for the period/year from discontinued operations	(1,234)	81,785
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(8,481)	(7,657)
Translation reserve released upon disposal of subsidiaries	9,042	–
Other comprehensive income/(loss) for the period/year from discontinued operations	561	(7,657)
Total comprehensive (loss)/income for the period/year from discontinued operations	(673)	74,128
Operating cash flows	(1,594)	(2,167)
Investing cash flows	–	(17,215)
Financing cash flows	36	1,236
Total cash outflows	(1,558)	(18,146)

The carrying amounts of the assets and liabilities of Best Earnest and its subsidiaries (the "Best Earnest Group"), mainly includes Guangdong Dahe, had been classified and accounted for as a disposal group held for sale as at 31 December 2019. The disposal of Best Earnest Group was completed on 24 June 2020. For details, please refer to note 41.

14. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current tax						
– Provision for PRC enterprise income tax	**633**	191	**–**	–	**633**	191
– Over provision in respect of prior year	**(83)**	–	**–**	–	**(83)**	–
Deferred tax						
– Current year *(note 34)*	**–**	376	**–**	–	**–**	376
Total income tax expense	**550**	567	**–**	–	**550**	567

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

Hong Kong, Singapore and Vietnam profits tax, Macau Complementary Tax have not been provided as the Group has no estimated assessable profits in respective jurisdictions for the years.

According to the PRC tax law, its rules and regulations, enterprises that engage in certain qualifying agricultural business are eligible for certain tax benefits, including full PRC Enterprise Income Tax ("EIT") exemption on profits derived from such business. For a subsidiary of the Group engaged in qualifying agricultural business in the PRC, it is entitled to full exemption of EIT for the years.

For subsidiaries of the Group engaged in construction equipment business in the PRC, the provision for the EIT has been provided at the applicable tax rate of 25% on the estimated assessable profits of the Group.

14. INCOME TAX EXPENSE *(Continued)*

A reconciliation of income tax expense and accounting (loss)/profit at applicable tax rate is as follows:

	2020 HK$'000	2019 HK$'000
(Loss)/Profit before income tax		
– From continuing operations	(62,489)	(64,918)
– From discontinued operations	(69,506)	81,785
	(131,995)	16,867
Tax calculated at the domestic tax rate of 16.5%	(21,779)	2,783
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	195	7,023
Tax effect of non-deductible expenses	21,450	9,786
Tax effect of non-taxable income	(482)	(309)
Tax effect of temporary difference not recognised	–	184
Tax effect of tax losses not recognised	2,917	1,689
Tax effect of recognition of tax losses previously not recognised	(970)	–
Tax effect of utilisation of tax losses previously not recognised	(540)	–
Tax effect of tax exemptions granted to a PRC subsidiary	(158)	(20,689)
Tax exemption grants to a Singapore subsidiary	–	(58)
Singapore statutory stepped income exemption	–	(101)
Over provision in respect of prior years	(83)	–
Others	–	259
Income tax expense	550	567

15. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2020 and 2019.

16. (LOSS)/EARNINGS PER SHARE

(i) Continuing and discontinued operations

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

	2020	2019
Loss		
Loss for the purposes of basic and diluted loss per share (HK$'000)	**(131,900)**	(32,173)
Number of shares		
Weighted average number of ordinary shares	**1,060,000,000**	1,060,000,000
Basic and diluted loss per share (HK cents)	**(12.44)**	(3.04)

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2019 and 2020.

(ii) Continuing operations

	2020	2019
Loss for the year attributable to owners of the Company (HK$'000)	**(131,900)**	(32,173)
Less: (Loss)/profit for the year from discontinued operations (HK$'000)	**(68,901)**	33,269
	(62,999)	(65,442)
Basic and diluted loss per share from continuing operations (HK cents)	**(5.94)**	(6.17)

(iii) Discontinued operations

	2020	2019
(Loss)/profit for the year attributable to owners of the Company (HK$'000)	**(68,901)**	33,269
Basic and diluted (loss)/earnings per share from discontinued operations (HK cents)	**(6.50)**	3.13

17. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

(a) Directors' remuneration

	Directors' fee HK$'000	Salaries, allowances and other benefits* HK$'000	Discretionary bonuses HK$'000	Defined contribution plans HK$'000	Total HK$'000
2020					
Executive directors					
Mr. Guo Peineng *(note (iii))*	–	1,498	–	18	1,516
Mr. Chen Huajie *(note (iii))*	–	1,864	–	18	1,882
Mr. Zhao Yi *(note (iv))*	–	2,668	–	23	2,691
Independent non-executive directors					
Mr. Li Yongjun *(note (iv))*	198	–	–	–	198
Mr. Xu Xiaowu *(note (iv))*	198	–	–	–	198
Mr. Diao Yingfeng *(note (vii))*	198	–	–	–	198
	594	6,030	–	59	6,683

17. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

	Directors' fee HK$'000	Salaries, allowances and other benefits* HK$'000	Discretionary bonuses HK$'000	Defined contribution plans HK$'000	Total HK$'000
2019					
Executive directors					
Mr. Zeng Li *(note (i))*	–	1,114	–	18	1,132
Mr. Winerthan Chiu *(note (ii))*	–	674	500	18	1,192
Mr. Guo Peineng *(note (iii))*	–	722	–	5	727
Mr. Chen Huajie *(note (iii))*	–	899	–	5	904
Mr. Zhao Yi *(note (iv))*	–	586	–	2	588
Mr. Chan Ka Lun *(note (v))*	–	300	–	18	318
Independent non-executive directors					
Mr. Wan Tze Fan Terence *(note (i))*	167	–	–	–	167
Mr. Tsui Robert Che Kwong *(note (vi))*	154	–	–	–	154
Ms. Yang Yan Tung Doris *(note (ii))*	152	–	–	–	152
Mr. Li Yongjun *(note (iv))*	28	–	–	–	28
Mr. Xu Xiaowu *(note (iv))*	28	–	–	–	28
Mr. Diao Yingfeng *(note (vii))*	13	–	–	–	13
	542	4,295	500	66	5,403

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

* Being "salaries, allowances and other benefits" paid or payable in connection with the management of the affairs of the Group.

Notes:

(i) Resigned on 6 December 2019

(ii) Resigned on 4 November 2019

(iii) Appointed on 8 July 2019

(iv) Appointed on 4 November 2019

(v) Resigned on 1 July 2019

(vi) Resigned on 9 November 2019

(vii) Appointed on 6 December 2019

17. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 3 directors (2019: 2 directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 (2019: 3) non-director highest paid individuals for the year are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other emoluments	2,664	3,393
Discretionary bonuses	240	1,300
Defined contribution plans	87	48
	2,991	4,741

The emoluments of non-director highest paid individuals fell within the following bands:

	2020	2019
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	–	1

(c) Senior management's emoluments

The emoluments paid or payable to 9 (2019: 15) members of senior management whose emoluments fell within the following bands:

	2020	2019
Nil to HK$1,000,000	4	10
HK$1,000,001 to HK$1,500,000	2	5
HK$1,500,001 to HK$2,000,000	2	–
HK$2,500,001 to HK$3,000,000	1	–

During the year ended 31 December 2020, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2019: Nil).

18. PROPERTY, PLANT AND EQUIPMENT

	Land and building carried at fair value HK$'000	Building carried at cost HK$'000	Plant and machinery HK$'000	Furniture and fixture HK$'000	Office and other equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Bearer plants HK$'000	Construction In progress HK$'000	Total HK$'000
At 1 January 2020										
Cost	–	46,400	300,162	2,283	3,871	6,830	5,912	–	–	365,458
Accumulated depreciation and impairment losses	–	(14,318)	(204,215)	(1,512)	(2,550)	(5,982)	(450)	–	–	(229,027)
Net carrying amount	–	32,082	95,947	771	1,321	848	5,462	–	–	136,431
Year ended 31 December 2020										
Opening net carrying amount	–	32,082	95,947	771	1,321	848	5,462	–	–	136,431
Additions	–	–	28,450	155	278	717	–	–	–	29,600
Transfer to inventories	–	–	(6,658)	–	–	–	–	–	–	(6,658)
Transfer from right-of-use assets *(note 19)*	–	–	8,715	–	–	–	–	–	–	8,715
Depreciation	–	(1,547)	(25,851)	(205)	(342)	(605)	(923)	–	–	(29,473)
Impairment loss	–	–	(59)	–	–	–	–	–	–	(59)
Exchange differences	–	228	79	–	(76)	(1)	24	–	–	254
Closing net carrying amount	–	30,763	100,623	721	1,181	959	4,563	–	–	138,810
At 31 December 2020										
Cost	–	46,628	310,030	2,438	4,073	7,039	5,936	–	–	376,144
Accumulated depreciation and impairment losses	–	(15,865)	(209,407)	(1,717)	(2,892)	(6,080)	(1,373)	–	–	(237,334)
Net carrying amount	–	30,763	100,623	721	1,181	959	4,563	–	–	138,810

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Land and building carried at fair value HK$'000	Building carried at cost HK$'000	Plant and machinery HK$'000	Furniture and fixture HK$'000	Office and other vehicles HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Bearer plants HK$'000	Construction In progress HK$'000	Total HK$'000
Year ended 31 December 2019										
Opening net carrying amount as at 1 January 2019	12,798	33,432	141,066	156	505	1,808	3,653	185,698	6,445	385,561
Additions	–	–	6,773	753	1,116	–	2,107	7,876	8,805	27,430
Disposals	(11,880)	–	–	–	–	(14)	–	–	–	(11,894)
Depreciation	(219)	(1,592)	(22,771)	(113)	(283)	(773)	(315)	(13,801)	–	(39,867)
Written-off	–	–	(255)	(25)	(17)	–	(9)	(2,951)	–	(3,257)
Transfer to inventories	–	–	(3,197)	–	–	–	–	–	–	(3,197)
Valuation adjustment	(699)	–	–	–	–	–	–	–	–	(699)
Exchange differences	–	242	(23)	–	1	2	26	(2,435)	(86)	(2,273)
Transfer from right-of-use assets *(note 19)*	–	–	9,264	–	–	–	–	–	–	9,264
Reclassify to assets classified as held for sale *(note 41)*	–	–	(34,910)	–	(1)	(175)	–	(174,387)	(15,164)	(224,637)
Closing net carrying amount	–	32,082	95,947	771	1,321	848	5,462	–	–	136,431
At 31 December 2019										
Cost	–	46,400	300,162	2,283	3,871	6,830	5,912	–	–	365,458
Accumulated depreciation and impairment losses	–	(14,318)	(204,215)	(1,512)	(2,550)	(5,982)	(450)	–	–	(229,027)
Net carrying amount	–	32,082	95,947	771	1,321	848	5,462	–	–	136,431

The Group's land and building carried at fair value. Fair values were estimated based on recent market transactions, which were then adjusted for the time, floor and size relating to the land and building. The revaluation surplus was credited to other comprehensive income. The fair value of land and building is a level 2 recurring fair value measurement. During the year, there were no transfer occurred between levels on the hierarchy.

The Group's land and building carried at fair value was disposed during the year ended of 31 December 2019.

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Prior to the business combination in prior years, Guangdong Dahe Biological Technologies Limited* ("Guangdong Dahe") entered into agreements with relevant local village economic cooperatives and obtained Forestry Rights Certificates in respect of five parcels of woodlands with a total area of 2,035.36 mu, which entitle Guangdong Dahe to use these woodlands until 1 October 2034 under operating leases. The ownerships of these woodlands are held respectively by five local village economic cooperatives in Huazhou City.

* The English translation of the company is for reference only. The official name of this company is in Chinese (i.e. 廣東大合生物科技股份有限公司).

Pursuant to an agreement dated 12 December 2013 entered into by Guangdong Dahe and another local village economic cooperative, being the owner of the sixth parcel of woodland with an area of 116 mu, Guangdong Dahe has been contracted the rights to use such woodland and the rights to own and use the forestry trees on such woodland for the period from 1 October 2013 to 1 December 2034.

The Group is exposed to a number of risks related to Fruit Trees plantation. Details have been disclosed in note 22.

The Group's bearer plants were reclassify to assets classified as held for sale, for details, please refer to note 41.

At 31 December 2020, the Group's banking facilities were secured by a building of the Group carried at cost with an amount of approximately HK$30,763,000 (2019: approximately HK$32,082,000) and property, plant and equipment of approximately HK$6,773,000 (2019: HK$Nil) (note 30).

At 31 December 2020, the Group's other borrowings were secured by property, plant and equipment of approximately HK$17,028,000 (2019: HK$Nil) (note 30).

Property, plant and equipment leased out under operating leases

The Group entered into several arrangements to lease certain machineries included in property, plant and equipment to third parties from 1 to 2 years. There are no early termination option, extension option and renewal option in the contract. The Company considered that the lease arrangement is an operating leases and the movement of the equipment are detailed as below:

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Property, plant and equipment leased out under operating leases *(Continued)*

	Plant and machinery HK$'000
At 31 December 2019	
Cost	300,162
Accumulated depreciation	(204,215)
At 1 January 2020	95,947
Year ended 31 December 2020	
Opening net carrying amount	**95,947**
Additions	**28,450**
Depreciation	**(25,851)**
Transfer to inventories	**(6,658)**
Transfer from right-of-use assets	**8,715**
Impairment loss	**(59)**
Exchange differences	**79**
Closing net carrying amount	**100,623**
At 31 December 2020	
Cost	**310,030**
Accumulated depreciation	**(209,407)**
At 31 December 2020	**100,623**

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Property, plant and equipment leased out under operating leases *(Continued)*

	Plant and machinery HK$'000
At 31 December 2018	
Cost	407,038
Accumulated depreciation	(200,809)
Adjustment from the adoption of HKFRS 16	(102,482)
At 1 January 2019	103,747
Year ended 31 December 2019	
Opening net carrying amount, restated	103,747
Additions	6,094
Depreciation	(20,178)
Written-off	(255)
Transfer to inventories	(3,197)
Transfer from right-of-use assets	9,264
Exchange differences	472
Closing net carrying amount	95,947
At 31 December 2019	
Cost	300,162
Accumulated depreciation	(204,215)
At 31 December 2019	95,947

19. RIGHT-OF-USE ASSETS

	Carrying amount	
	As at 31 December 2020 HK$'000	As at 1 January 2020 HK$'000
Motor vehicle	**226**	652
Office and warehouse	**9,285**	7,803
Land	**9,809**	10,161
Plant and machinery	**111,265**	86,177
Total	**130,585**	104,793

19. RIGHT-OF-USE ASSETS *(Continued)*

During the year ended 31 December 2020, the total additions to right-of-use assets amounts to HK$61,082,000 (2019: HK$6,286,000. The details in relation to these leases are set out in note 32.

Right-of-use assets leased out under operating leases

The Group entered into several arrangements to lease certain machineries included in right-of-use assets to third parties from 1 to 2 years amounting to HK$111,265,000. The Company considered that the lease arrangements are operating leases.

	Motor vehicle HK$'000	Office and warehouse HK$'000	Land HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost					
As at 1 January 2020	2,142	11,280	10,595	117,286	141,303
Additions	–	6,539	–	54,543	61,082
Transfer to property, plant and equipment *(note 18)*	–	–	–	(12,620)	(12,620)
Exchange differences	18	62	91	3,025	3,196
At 31 December 2020	2,160	17,881	10,686	162,234	192,961
Accumulated depreciation and impairment loss					
At 1 January 2020	1,490	3,477	434	31,109	36,510
Charge for the year	416	5,095	423	17,484	23,418
Transfer to property, plant and equipment *(note 18)*	–	–	–	(3,905)	(3,905)
Exchange differences	28	24	20	640	712
Impairment loss	–	–	–	5,641	5,641
At 31 December 2020	1,934	8,596	877	50,969	62,376
Net book amount					
At 31 December 2020	226	9,285	9,809	111,265	130,585

19. RIGHT-OF-USE ASSETS *(Continued)*

Right-of-use assets leased out under operating leases *(Continued)*

	Motor vehicle HK$'000	Office and warehouse HK$'000	Land HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost					
As at 1 January 2019	–	–	–	–	–
Initial application of HKFRS 16	2,127	6,026	11,032	135,308	154,493
Additions	–	5,989	–	297	6,286
Transfer to inventories	–	–	–	(80)	(80)
Transfer to property, plant and equipment *(note 18)*	–	–	–	(18,691)	(18,691)
Reclassified to assets classified as held for sale *(note 41)*	–	(726)	(503)	–	(1,229)
Exchange differences	15	(9)	66	452	524
At 31 December 2019	2,142	11,280	10,595	117,286	141,303
Accumulated depreciation and impairment loss					
At 1 January 2019	–	–	–	–	–
Initial application of HKFRS 16	1,054	–	–	25,397	26,451
Charge for the year	429	3,572	472	15,038	19,511
Reclassified to assets classified as held for sale *(note 41)*	–	(94)	(38)	–	(132)
Transfer to property, plant and equipment *(note 18)*	–	–	–	(9,427)	(9,427)
Exchange differences	7	(1)	–	101	107
At 31 December 2019	1,490	3,477	434	31,109	36,510
Net book amount					
At 31 December 2019	652	7,803	10,161	86,177	104,793

20. INTANGIBLE ASSETS

	Construction licenses HK$'000
At 1 January 2020	–
Addition	3,288
Amortisation	(822)
At 31 December 2020	2,466
Cash outflow:	
Consideration payable	4,380
Bank balances and cash acquired of	(1,092)
Net cash outflow	3,288

The Group acquired a company (the "Target Company") during the Year (the "Acquisition"). On acquisition date, the Target Company was inactive and had construction licenses. The Target Company had cash and cash equivalents of approximately HK$1,092,000 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 RMB4,000,000 (equivalent to approximately HK$4,743,000) and RMB3,700,000 (equivalent to approximately HK$4,387,000) was included in receipt in advance, accruals and other payables on 31 December 2020. Total net cash inflow of the Acquisition was RMB697,000 (equivalent to approximately HK$736,000) during the year.

21. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combination in 2016, is as follows:

	2020 HK$'000	2019 HK$'000
At 1 January		
Net carrying amount	–	75,706
Reclassify to assets classified as held for sale	–	(74,701)
Exchange differences	–	(1,005)
At 31 December	–	–

During the year ended 31 December 2019, goodwill was reclassified to assets classified as held for sale.

22. BIOLOGICAL ASSETS

Biological assets represent Growing Produce, Fresh Fruits and Seedlings. Biological assets are analysed as follows:

	Growing produce HK$'000	Fresh fruits HK$'000	Seedings HK$'000	Total HK$'000
At 31 December 2018 and 1 January 2019	–	–	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 *(note 13)*	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, 1 January 2020 and 31 December 2020	–	–	–	–

The quantities of biological assets as at the reporting date were as follows:

	2020	2019
Seedlings (by unit)	N/A	N/A

The values of agricultural produce harvested measured at fair value less costs to sell during the reporting period were as follows:

	2020	2019
Estimated fair value less costs to sell (HK$'000)		
Fresh Fruits	N/A	83,297
Estimated quantity (kg)		
Fresh Fruits	N/A	1,593,440

22. BIOLOGICAL ASSETS *(Continued)*

An independent professional valuer, Valtech Valuation Advisory Limited was engaged to determine the fair value of biological assets at 30 June 2019. The valuation methodology used to determine the fair value of biological assets is in compliance with both Hong Kong Accounting Standard 41, Agriculture, and "The International Valuation Standards (2018 Edition)" published by the International Valuation Standards Council with aims to determine the fair value of a biological asset in its present location and condition.

There were no changes in valuation techniques during the period.

The fair value measurement of the biological assets for the Group is categorised as level 3 fair value measurement.

During the period, there was no transfer occurred between levels in the hierarchy. The movement in the fair value of the assets within level 3 of the hierarchy is as follows:

	2020 **HK$'000**	2019 HK$'000
Opening balance (level 3 recurring fair value)	–	6,052
Increase due to feeding (plantation costs and others)	–	287
Transfer to bearer plants *(note 18)*	–	–
Gain arising from changes in fair value less costs to sell	–	94,158
Transfer to inventories	–	(94,158)
Reclassify to assets held for sales	–	(6,254)
Exchange differences	–	(85)
Closing balance (level 3 recurring fair value)	–	–

22. BIOLOGICAL ASSETS *(Continued)*

The following unobservable inputs were used to measure the Group's biological assets:

For the period ended 30 June 2019

Description	Valuation technique	Unobservable inputs		Range For the period ended 30 June 2019	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets (i.e. Fresh Fruits, Growing Produce and Seedlings)	Market approach with cost approach applied for Growing Produce and Seedlings with no market comparison was available	Prices of similar transactions	Fresh Fruits	HK$59.0 per kg	The higher of unobservable inputs, the higher of the fair value less costs to sell determined
			Growing Produce	HK$1.7 per unit	
			Seedlings	HK$16.6 per unit	

The fair value measurement is based on the above biological assets' highest and best use, which does not differ from their actual use.

The higher of market price, the higher the fair value measurement of the biological assets.

The valuation of Fresh Fruits was determined by market approach by reference to prices of similar transactions.

The valuation of Growing Produce and Seedlings was determined by cost approach with reference to accumulated reproduction cost of Growing Produce and Seedlings with similar size and weight. Accumulated reproduction cost means the cost to reproduce an asset, which is the plantation costs of Growing Produce and Seedlings.

The major assumptions of the valuations of the Group's biological assets were made as follows:

(i) The biological assets were in good and saleable condition as at the valuation date;

(ii) The growth condition and specification (i.e. size and weight) of biological assets are uniform regardless of the nutritional treatment, soil conditions or sunlight coverage;

(iii) No adverse weather condition, plant disease or bacterial infection are materially present by which the growth condition of the biological assets may be impaired; and

(iv) The historical prices of biological assets could represent a reasonable expectation of the future prices.

22. BIOLOGICAL ASSETS *(Continued)*

The Group is exposed to a number of risks related to its plantations:

(i) Environmental factors and natural disasters

The productivity of the biological assets was highly subject to the effect of environment factors such as weather and infectious diseases. Typical risks, including the occurrence of forestry fire, frost, heavy snow, typhoons, pests and infectious diseases, would have a material impact on the productivity, and hence the fair value of the biological assets.

(ii) Fluctuation of prices

The pricing data of the biological assets obtained from the market or the historical selling price provided by the management of the Group was heavily dependent on market competition and consumers' purchasing preference on the biological assets. So the range of price of the biological assets for a particular species could be wide. The timing of supply and demand further heightened the uncertainty of the price estimates for which the product would be sold in a particular year. Competition from online suppliers' platform (e.g. Alibaba and Taobao) may indirectly weaken the Group's bargaining power in recovering the plantation costs plus margin from its customers. As such, the prices may be volatile and subject to various assumptions on inputs.

(iii) Legal rights concerning the use of the Woodlands

The legal administrative framework for sub-urban and rural woodlands in the PRC was not as developed as those for urban lands. Thus, there were risks associated with the ownership, leasing and land use rights concerning the validity and legality of the negotiated arrangements between the land owners (i.e. often the farmers) and the Group, hence heightening the uncertainty on the recoverability of the economic value of the biological assets if potential conflicts arise.

(iv) Single product

In the future plan of the Group, the farmlands are designed for full production of exocarpium citri grandis only. The equipment and the fertilizers are also bought for this cultivation only. The sole product of the Group would become the major weakness of the Group if there is fade of trend for the exocarpium citri grandis or deteriorating quality of exocarpium citri grandis would drive out the customers. The inability of diversifying its revenue stream would make the Group suffer if there is no contingent business plan.

The Group's biological assets were reclassify to assets classified as held for sale, for details, please refer to note 41.

23. PROPERTIES UNDER DEVELOPMENT

	2020 HK$'000	2019 HK$'000
Within normal operating cycle included under current assets:		
Land use rights	85,900	–
Construction costs	9,061	–
Interest capitalized	637	–
Total	95,598	–

The properties under development are all located in Hong Kong. No provision for impairment was made during year ended 31 December 2020. 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.

As at 31 December 2020, HK$85,900,000 was pledged as collateral for bank borrowings (note 30).

24. INVENTORIES AND CONSUMABLES

	2020 HK$'000	2019 HK$'000
Cranes and spare parts	14,316	13,369
Less: provision for inventories	(2,755)	(1,500)
	11,561	11,869

The cost of inventories included in cost of sales during the year amounted to approximately HK$1,269,000 (for the year ended 31 December 2019: approximately HK$2,876,000). Provision made for obsolete inventories for the year ended 31 December 2020 amounted to approximately HK$1,255,000 (2019: Nil). These were recognised as an expense and included in "cost of sales" in the consolidated statement of comprehensive income.

25. TRADE RECEIVABLES

	2020 HK$'000	2019 HK$'000
Non-current portion:		
Trade receivables, gross *(note)*	302	–
Less: Loss allowance	(4)	–
	298	–
Current portion:		
Trade receivables, gross	65,770	44,013
Less: Loss allowance	(1,546)	(930)
	64,224	43,083
Trade receivables, net	64,522	43,083

Note: It represents retention receivables

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.

The Directors consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

25. TRADE RECEIVABLES *(Continued)*

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

	2020	2019
	HK$'000	HK$'000
0-30 days	**17,101**	12,004
31-60 days	**12,597**	18,063
61-90 days	**9,669**	5,305
Over 90 days	**25,155**	7,711
	64,522	43,083

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

	2020	2019
	HK$'000	HK$'000
At 1 January	**930**	1,515
Impairment loss recognised	**625**	1,142
Reversal of written-off of impairment loss provision of trade receivables	**–**	(360)
Recovery of impairment	**(7)**	(1,350)
Net exchange differences	**2**	(17)
At 31 December	**1,550**	930

During the year ended 31 December 2020, included in impairment loss recognised for trade receivables of approximately HK$847,000 (2019: HK$300,000) (note 46(b)) represented loss allowance for credit-impaired trade receivables. The credit-impaired trade receivables are due from customers experiencing dispute that were in default or past due event.

During the year ended 31 December 2020, there was a written-off of trade receivables of approximately HK$747,000 (2019: Nil) and included in administrative expenses.

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 46(b).

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Non-current assets		
Deposit *(note)*	1,097	322
	1,097	322
Current assets		
Prepayments	5,057	3,263
Deposits	2,170	2,654
Other receivables	3,733	736
	10,960	6,653
	12,057	6,975

Note: The deposit represented deposit for acquisition of property, plant and equipment.

The Group did not hold any collateral as security or other credit enhancements over the other receivables.

The movement in the loss allowance for other receivables during the year is as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	9	9
Impairment loss recognised	–	–
At 31 December	9	9

During the year, the Group did not recognised impairment of other receivables (2019: HK$ Nil) as individually impaired. The impaired other receivables are due from debtors experiencing dispute that were in default or past due event.

Further details on the Group's credit policy and credit risk arising from other receivables and deposits are set out in note 46(b).

27. CASH AND CASH EQUIVALENTS

	2020 HK$'000	2019 HK$'000
Cash at bank and in hand	29,935	25,326

The Group had cash and cash equivalents denominated in RMB of approximately RMB1,319,000 (2019: approximately RMB563,000) of which the remittance out of the PRC was subject to the exchange control restrictions imposed by the PRC government.

Cash and cash equivalents represent bank deposits and cash at bank and in hand. Cash at bank earns interest at floating rates based on daily bank deposits rates as set out in note 46(a). The Group's exposures to foreign currency risk were set out in note 46(c).

28. TRADE PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	58,704	35,718

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

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

	2020 HK$'000	2019 HK$'000
0-30 days	28,526	5,851
31-60 days	11,335	12,233
61-90 days	5,711	10,828
Over 90 days	13,132	6,806
	58,704	35,718

The fair values of trade payables which are expected to be repaid within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

29. RECEIPT IN ADVANCE, ACCRUALS, OTHER PAYABLES AND CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Receipt in advance from customers	**16,052**	11,984
Accruals *(note (i))*	**34,127**	33,873
Other payables *(notes (ii), (iii))*	**10,762**	3,686
	60,941	49,543
Contract liabilities	**4,720**	78
	65,661	49,621

The carrying amounts of accruals and other payables approximate their fair values as these financial liabilities which are measured at amortised cost, are expected to be repaid within a short timescale, such that the time value of money is not significant.

Notes:

(i) At 31 December 2020, included in accruals of approximately HK$19,275,000 (2019: HK$24,195,000) represented accrued shareholder's loans interest payable, of which the shareholder's loans are repayable on demand (note 31).

(ii) At 31 December 2020, included in other payables of approximately S$82,500 (equivalent to approximately HK$483,000) (2019: S$82,500 (equivalent to approximately HK$478,500)) represented provision for liabilities related to the claim for damages and consequential economic loss by a customer against the Group.

(iii) At 31 December 2020, included in other payable of Singapore Dollar ("S$") 300,000 (equivalent to approximately HK$1,755,000) (2019: S$Nil) represented provision for litigation related to the fine of a legal case of S$220,000 (equivalent to approximately HK$1,287,000) and legal expenses of S$80,000 (equivalent to approximately HK$468,000).

The Group has recognised the following revenue, within the scope of HKFRS 15, related contract liabilities:

	At 31 December 2020 HK$'000	At 31 December 2019 HK$'000
Receipt in advance from customers for sales of machinery	**4,720**	78
Contract liabilities	**4,720**	78

The amount of consideration received in advance as prepayments from customers for sales of 4 machinery amounting to HK$4,642,000 are short term as the respective revenue is expected to be recognised within one year when the goods are delivered to customers.

29. RECEIPT IN ADVANCE, ACCRUALS, OTHER PAYABLES AND CONTRACT LIABILITIES
(Continued)

The following table shows the revenue recognised in the current reporting period related to carried-forward contract liabilities:

	2020 HK$'000	2019 HK$'000
For the year ended		
Revenue recognised that was included in the contract liabilities at beginning of year ended		
– Sales of machinery	78	2,780

The Group's contracts usually have duration of one year or less from date of contract inception to date of satisfaction of performance obligation. The Group has applied the practical expedient and therefore does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

30. BORROWINGS

	2020 HK$'000	2019 HK$'000
Borrowings repayable:		
Within one year	7,797	2,153
More than one year, but not exceeding two years	8,489	2,213
More than two years, but not exceeding five years	51,665	7,021
More than five years	5,209	2,473
	73,160	13,860
Portion classified as current liabilities	(7,797)	(2,153)
Non-current portion	65,363	11,707

The borrowings denominated in S$ bore interest at variable interest rates at 31 December 2019 and 2020. The effective interest rates of the Group's borrowings were set out in note 46(a).

The borrowings denominated in HK$ bore interest at variable interest rates at 31 December 2020. The effective interest rates of the Group's borrowings were set out in note 46(a).

At 31 December 2020, the Group's banking facilities were secured by a building of the Group carried at cost with an amount of approximately HK$30,763,000 (2019: approximately HK$32,082,000), property, plant and equipment of approximately HK$6,773,000 (2019: HK$Nil) and land-use right of the Group carried at cost with an amount of approximately HK$85,900,000 (2019: HK$Nil) in properties under development.

At 31 December 2020, the Group's other borrowings were secured by property, plant and equipment of approximately HK$17,028,000 (2019: HK$Nil).

The carrying values of the Group's borrowing approximate their fair values.

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

31. 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, Harbour Luck in relation to the loan of HK$173,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for fulfilment of financial obligations of the Group. On 28 August 2018, HK$173,000,000 was drawn down by the Company.

On 30 November 2018, the Company entered into another unsecured shareholder's loan agreement with Harbour Luck 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 Harbour Luck 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 Harbour Luck 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.

On 6 August 2020, the Company entered in to a supplementary agreement with Harbour Luck that Harbour Luck agreed to adjust the annual interest rate from 10% to 5% for loan balance of HK$183,000,000, starting from the date of drawn down, and Harbour Luck agreed to waive the interest receivables from the Company for any parts exceed the reassessed interest receivables. The waiver balance of HK$17,537,000 has been included in the capital reserve of the Company as a deemed contribution from shareholder.

On 10 August 2020, amount of HK$100,000,000 was repaid to Harbour Luck.

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.

32. LEASE LIABILITIES

	2020 HK$'000	2019 HK$'000
Total minimum lease payments:		
Due within one year	38,763	26,235
Due in the second to fifth years	31,120	30,317
Due after fifth years	14,695	13,851
	84,578	70,403
Future finance charges on lease liabilities	(9,363)	(9,358)
Present value of lease liabilities	75,215	61,045
Present value of minimum lease payments:		
Due within one year	36,143	26,740
Due in the second to fifth years	29,448	25,058
Due after fifth years	9,624	9,247
	75,215	61,045
Less: Portion classified as current liabilities	(36,143)	(26,740)
Non-current portion	39,072	34,305

The Group has entered into lease liabilities for right-of-use assets. The average lease term is 1 to 23 years (2019: 2 to 24 years). At the end of the lease term, the Group has the option to purchase the leased equipment at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease for it to be reasonably certain, at the inception of the lease, that the option will be exercised.

Certain lease liabilities payables bore interest at fixed interest rates with effective interest rates at 31 December 2020 ranged from 3.5% to 6.2% (2019: 1% to 8.6%) per annum. The other lease liabilities bore interest at variable interest rates. The effective interest rates on the Group's lease liabilities as at reporting date were set out in note 46(a).

At 31 December 2019 and 2020, certain lease liabilities of the Group were secured by machineries of approximately HK$65,494,000 (2019: HK$Nil) and corporate guarantees executed by the Company and certain subsidiaries.

Lease liabilities are effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default of repayment by the Group.

During the year ended 31 December 2020, the total cash outflows for the leases are HK$77,212,000 (2019: HK$37,080,000).

32. LEASE LIABILITIES *(Continued)*

Details of the lease activities

As at 31 December 2020 and 2019, the Group has entered into leases for motor vehicles, office and warehouse, land and machinery.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases		Range of remaining lease term		Particulars
		2020	2019	**2020**	2019	
Motor vehicles	Motor vehicle at cost in "Right-of-use assets"	**5**	5	**1 – 3 years**	2 – 4 years	• The contracts contain an option to purchase the motor vehicles at the end of the lease term
Office and warehouse	Office and warehouse carried at cost in "Right-of-use assets"	**3**	3	**1 to 2 years**	1 to 3 years	• N/A
Machinery	Plant and machinery at cost in "Right-of-use assets"	**54**	44	**1 – 5 years**	1 – 5 years	• 41 contracts contain an option to purchase the machineries at the end of the lease term
Land	Land carried at cost in "Right-of-use assets"	**1**	1	**23 years**	24 years	• N/A

33. DEFERRED GOVERNMENT GRANTS

	2020 HK$'000	2019 HK$'000
At beginning of the year	**–**	8,829
Additions	**–**	442
Amortisation *(note 9)*	**–**	(974)
Exchange differences	**–**	(108)
Reclassify to liabilities associate with assets classified as held for sale *(note 41)*	**–**	(8,189)
At end of the year	**–**	–
Less: Portion classified as current liabilities	**–**	–
Non-current portion	**–**	–

The Group's deferred government grants mainly related to acquisition of property, plant and equipment.

The Group does not have any unfulfilled conditions and other contingencies attaching to government assistance in regard to the government grants at the year-end date.

34. DEFERRED TAX

The movement on deferred tax liabilities is as follows:

	Deferred tax liabilities attributable to accelerated tax depreciation HK$'000	Total HK$'000
At 1 January 2019	(1,720)	(1,720)
Recognised in the profit or loss *(note 14)*	(477)	(477)
At 31 December 2019 and 1 January 2020	**(2,197)**	**(2,197)**
At 31 December 2020	**(2,197)**	**(2,197)**

The movement on deferred tax assets is as follows:

	Deferred tax assets attributable to tax losses HK$'000	Total HK$'000
At 1 January 2019	–	–
Recognised in the profit or loss *(note 14)*	101	101
At 31 December 2019 and 1 January 2020	**101**	**101**
At 31 December 2020	**101**	**101**

Deferred tax asset in respect of tax losses has not been recognised in the consolidated financial statements due to the unpredictability of future profit streams against which the tax losses can be utilised. The tax losses of the subsidiaries operating in Hong Kong amounting to approximately HK$68,249,000 (2019: approximately HK$59,729,000), can be carried forward indefinitely under the current tax legislation.

Pursuant to the new PRC tax law and its rules and regulations, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

At 31 December 2019 and 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 January 2008 to 31 December 2019 in the foreseeable future. Accordingly, no deferred tax liabilities have been recognised as at 31 December 2019 and 2020.

35. SHARE CAPITAL

	2020		2019	
	Number of Shares '000	Amount HK$'000	Number of Shares '000	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At 1 January, 31 December *(note)*	**200,000,000**	**2,000,000**	200,000,000	2,000,000
Issued and fully paid:				
At 1 January, 31 December	**1,060,000**	**10,600**	1,060,000	10,600

Note: There is no change in authorised share capital during the year.

36. RESERVES

36.1 Share premium

The share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

36.2 Statutory reserves

In accordance with the Company Law of the PRC, domestic enterprises in Mainland China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC, to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of relevant subsidiaries. During the year, appropriations were made by such subsidiaries to the statutory reserves accordingly.

The statutory reserves can be used to reduce previous years' losses, if any, and may be converted into paid-up capital, provided that the statutory reserve after such conversion is not less than 25% of the registered capital of relevant subsidiaries.

In accordance with relevant regulations issued by the Ministry of Finance of the PRC, a subsidiary of the Group is required to set aside a reserve through appropriations of profit after tax according to a certain ratio of the ending balance of its gross risk-bearing assets to cover potential losses against such assets.

36.3 Merger reserve

The merger reserve of the Group arose as a result of the group reorganisation which was completed on 25 June 2010, represented the difference between (a) the sum of nominal value of the combined capital and share premium of the Group and (b) the nominal value of the share capital of the Company.

36.4 Capital reserve

The capital reserve represented deemed contribution from the immediate and ultimate holding company as a waiver of interest payable of shareholder's loans. For details, please refer to note 31.

36.5 Property revaluation reserve

Gain/(loss) arising on the revaluation of the Group's land and building carried at fair value, as set out in note 18. The balance on this reserve is wholly undistributable.

36. RESERVES *(Continued)*

36.6 Translation reserve

Gain/(loss) on retranslating the net assets of foreign operations into Hong Kong dollars.

36.7 Contributed surplus

Contributed surplus of the Company represented the difference between the net assets value transferred from certain subsidiaries to the Company pursuant to the group reorganisation and the nominal value of share capital and share premium of the Company in prior year.

Group

Details of the movements on the Group's reserve are set out in the consolidated statement of changes in equity.

Company

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2019	346,824	41,572	–	(91,143)	297,253
Loss and total comprehensive loss for the year	–	–	–	(35,678)	(35,678)
Balance at 31 December 2019 and 1 January 2020	**346,824**	**41,572**	**–**	**(126,821)**	**261,575**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(33,881)**	**(33,881)**
Deemed contribution from a shareholder	**–**	**–**	**17,537**	**–**	**17,537**
Balance at 31 December 2020	**346,824**	**41,572**	**17,537**	**(160,702)**	**245,231**

37. SHARE OPTION SCHEME

At the extraordinary general meeting held on 30 July 2015, the Company has adopted a new share option scheme (the "Share Option Scheme") to replace the old share option scheme adopted on 25 June 2010 (the "Old Scheme") for the purpose of providing incentive and/or reward to eligible participants for their contributions 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 sublicensee) or distributors, landlords or tenants (including any sub-tenants) of the Group; and (c) any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group. Further details of the Share Option Scheme are set out in the circular dated 13 July 2015. At 31 December 2019 and 2020, no option has been granted by the Company under the Share Option Scheme since its adoption.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,342	1,985
Right-of-use assets		3,161	5,157
Investments in subsidiaries		2	2
		4,505	7,144
Current assets			
Amounts due from subsidiaries		351,880	486,875
Deposits and prepayments		1,596	2,436
Cash and cash equivalents		14,616	13,490
		368,092	502,801
Current liabilities			
Accruals		21,107	26,071
Amount due to a subsidiary		9,376	23,503
Lease liabilities		2,036	1,913
Shareholder's loans		83,000	183,000
		115,519	234,487
Net current assets		252,573	268,314
Total assets less current liabilities		257,078	275,458
Non-current liability			
Lease liabilities		1,247	3,283
Net assets		255,831	272,175
EQUITY			
Share capital	35	10,600	10,600
Reserves	36	245,231	261,575
Total equity		255,831	272,175

Guo Peineng
Executive Director

Zhao Yi
Executive Director

39. INVESTMENTS IN SUBSIDIARIES

At 31 December 2019 and 2020, the particulars of the subsidiaries in which the Company has direct or indirect interests are set out as follows:

Name	*Notes*	Form of business structure	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Effective interest held by the Company 2020	2019	Principal activities
Interests held directly							
Beyond Vision Ventures Limited		Limited liability company	BVI/Hong Kong	100 ordinary shares of US$1 each	100%	100%	Investment holding
Chief Key Limited		Limited liability company	BVI/Hong Kong	1 ordinary share of US$1 each	100%	100%	Investment holding
Eagle Legend Investment (Hong Kong) Limited		Limited liability company	Hong Kong	HK$1	100%	100%	Investment holding
Lucky Boom Investments Limited		Limited liability company	BVI/Hong Kong	1 ordinary share of US$1 each	100%	100%	Investment holding
Blissful Cypress Limited	*(ii)*	Limited liability company	BVI/Hong Kong	100 ordinary share of US$1 each	100%	100%	Investment holding
Jade Hover Limited	*(ii)*	Limited liability company	BVI/Hong Kong	100 ordinary share of US$1 each	100%	100%	Investment holding
Interests held indirectly							
Chief Strategy Limited		Limited liability company	BVI/Hong Kong	300 ordinary shares of US$1 each	100%	100%	Investment holding
Hover Ascend Limited ("Hover Ascend")	*(ii)*	Limited liability company	BVI/Hong Kong	1 ordinary share of US$1 each	100%	100%	Inactive
Gold Lake Holdings Limited		Limited liability company	BVI/Hong Kong	100 ordinary shares of US$1 each	100%	100%	Investment holding
Manta Engineering and Equipment Company, Limited		Limited liability company	Hong Kong	HK$24,014,366	100%	100%	Trading in construction machinery and spare parts
Manta Equipment Rental Company Limited		Limited liability company	Hong Kong	HK$36,094,913	100%	100%	Leasing of construction machinery and provision of repair and maintenance services
Manta Equipment Services Limited		Limited liability company	Hong Kong	HK$10,875,287	100%	100%	Trading and leasing of construction machinery and provision of repair and maintenance services

39. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	*Notes*	Form of business structure	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Effective interest held by the Company 2020	2019	Principal activities
Interests held indirectly *(Continued)*							
Manta Engineering and Equipment (Macau) Company Limited		Limited liability company	Macau	1 quota with nominal value of MOP25,000	100%	100%	Leasing of construction equipment
Manta Equipment (S) Pte Ltd		Limited liability company	Singapore	10,000,000 ordinary shares of S$1 each	100%	100%	Trading and leasing of construction machinery and provision of repair and maintenance services
Manta Services (S) Pte Limited		Limited liability company	Singapore	10,000 ordinary shares of S$1 each	100%	100%	Inactive
Eagle Legend Equipment China Limited	*(ii)*	Limited liability company	Hong Kong	HK$1	100%	100%	Inactive
敏達器械工程(深圳)有限公司	*(ii), (vi)*	Limited liability company	PRC	RMB10,000,000	100%	100%	Trading in construction machinery and spare parts
敏達器械租賃(深圳)有限公司	*(ii)*	Limited liability company	PRC	RMB10,000,000	100%	100%	Leasing of construction machinery and provision of repair and maintenance services
敏達器械服務(深圳)有限公司	*(ii), (vi)*	Limited liability company	PRC	RMB10,000,000	100%	100%	Trading and leasing of construction machinery and provision of repair and maintenance services
敏達器械設備安裝(深圳)有限公司	*(i)*	Limited liability company	PRC	RMB40,000,000	100%	–	Trading and leasing of construction machinery and provision of repair and maintenance services
Manta-Vietnam Construction Equipment Leasing Limited		Limited liability company	Vietnam	Owner invest equity Vietnamese Dong ("VND") 10,649,879,390	67%	67%	Inactive

39. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Notes	Form of business structure	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Effective interest held by the Company 2020	2019	Principal activities
Interests held indirectly *(Continued)*							
Focus Spring Limited	*(iii)*	Limited liability company	BVI/Hong Kong	1 ordinary share of US$1	100%	100%	Inactive
Best Earnest	*(v)*	Limited liability company	BVI/Hong Kong	200 ordinary shares of US$1 each	–	51%	Investment holding
Vast Bloom Investment Limited	*(v)*	Limited liability company	Hong Kong	HK$1	–	51%	Investment holding
廣東大合生物科技股份有限公司 Guangdong Dahe Biological Technologies Limited*	*(iv),(v)*	Limited liability company	PRC	RMB50,000,000	–	40.8%	Cultivation, research, processing and sales of exocarpium citri grandis and its seedlings
Great Fortune Asia Pacific Limited	*(ii)*	Limited liability company	Hong Kong	HK$100	100%	100%	Inactive
Eagle Legend Engineering Management Consulting Company Limited	*(ii)*	Limited liability company	Hong Kong	HK$100	100%	100%	Property development

* The English translation of the company name is for reference only. The official name of this company is in Chinese.

Notes:

(i) Acquired during the year ended 31 December 2020.

(ii) Incorporated during the year ended 31 December 2019.

(iii) Struck off from the Register of Companies of the BVI with effect from 1 November 2016.

(iv) 80% equity interest of Guangdong Dahe held directly by Vast Bloom and hence the effective equity interest of Guangdong Dahe by the Group amounted to 40.8%, Guangdong Dahe was accounted for as a subsidiary of the Group as the Directors are of the opinion that the Group has power over the investee through control of the board of the subsidiary, exposure to variable returns from investee and the ability to use its power to affect those variable returns.

(v) On 24 June 2020, the disposal of these subsidiaries were completed. For details, please refer to note 13.

(vi) No paid up share capital as at 31 December 2020.

40. NON-CONTROLLING INTERESTS

Best Earnest, a 51% indirectly-owned subsidiary of the Company has material non-controlling interest. The non-controlling interests of other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the non-controlling interest of Best Earnest, before intra-group eliminations, is presented below:

	From 1 January to 24 June 2020 HK$'000	For the year ended 31 December 2019 HK$'000
Revenue	–	28,535
(Loss)/profit for the period/year *(note)*	(1,234)	81,785
Total comprehensive (loss)/income	(1,234)	75,133
(Loss)/profit for the period/year allocated to non-controlling interest	(605)	31,965
Total comprehensive (loss)/income allocated to non-controlling interest	(605)	29,357
Dividends paid to non-controlling interest	–	–
Cash flows used in operating activities	(1,594)	(2,167)
Cash flows used in investing activities	–	(17,215)
Cash flows generated from financing activities	36	1,236
Net cash outflows	(1,558)	(18,146)

At 31 December	2020 HK$'000	2019 HK$'000
Non-current assets	–	225,734
Current assets	–	277,989
Current liabilities	–	(22,649)
Non-current liabilities	–	(8,146)
Net assets	–	472,928
Accumulated non-controlling interest	–	206,176

Note:

Loss for the period from 1 January 2020 to 24 June 2020 amounting to HK$1,234,000 from the discontinued operations was included in loss for the year ended 31 December 2020.

As disclosed in note 13, on 20 December 2019, the board of directors of the Company resolved to dispose the Plantation Business. The carrying amounts of the assets and liabilities of 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. The disposal of Best Earnest Group was completed on 24 June 2020. For details, please refer to note 41.

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

As referred to note 13, the Company has been refused access to Guangdong Dahe's plantation site from 28 December 2019. The Company was 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 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 was completed on the Disposal Date. For details of the Disposal, please refer to the Company's announcement dated 24 February 2020, 6 March 2020, 19 March 2020, 22 May 2020, 8 July 2020 and 10 July 2020 and its circular dated 7 May 2020, respectively. Based on the latest available financial information, the net assets disposed of at the Disposal Date were set out as follows:

	24 June 2020 HK$'000	31 December 2019 HK$'000
Property, plant and equipment *(note 18)*	**220,608**	224,637
Right-of-use assets *(note 19)*	**1,078**	1,097
Inventories and consumables	**147,465**	150,158
Biological assets *(note 22)*	**6,142**	6,254
Trade receivables	**26,154**	26,632
Prepayments, deposits and other receivables	**7,902**	8,047
Cash and cash equivalents	**85,340**	86,898
Goodwill *(note 21)*	**74,701**	74,701
Assets classified as held for sale	**569,390**	578,424
Trade payables	**12,458**	12,685
Receipt in advance, accruals and other payables	**10,956**	8,775
Lease liabilities	**1,125**	1,146
Deferred government grant *(note 33)*	**8,042**	8,189
Liabilities associated with assets classified as held for sale	**32,581**	30,795
Net assets classified as held for sale	**536,809**	547,629

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Significant non-cash transactions are as follows:

Investing activity

Additions to right-of-use assets of approximately HK$61,082,000 (2019: approximately HK$5,989,000) were acquired under lease liabilities during the year ended 31 December 2020.

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Borrowings HK$'000 *(Note 30)*	Shareholder's loans HK$'000 *(Note 31)*	Amount due to a related company HK$'000 *(Note 45(a))*	Lease liabilities HK$'000 *(Note 32)*	Total HK$'000
At 1 January 2020	13,860	183,000	40,000	61,045	297,905
Changes from cash flows:					
Proceeds from borrowings	62,489	–	–	–	62,489
Repayment of borrowings	(3,014)	–	–	–	(3,014)
Capital element of lease rentals paid	–	–	–	(48,443)	(48,443)
Proceeds from amount due to a related company	–	–	60,000	–	60,000
Repayment of amounts due to related companies	–	–	(100,000)	–	(100,000)
Repayment of shareholder's loans	–	(100,000)	–	–	(100,000)
Total changes from financing cash flows:	59,475	(100,000)	(40,000)	(48,443)	(128,968)
Exchange adjustments:	(175)	–	–	1,531	1,356
Other changes:					
Interest arising from lease liabilities	–	–	–	2,943	2,943
Interest element of lease rental paid classified as operating cash flows	–	–	–	(2,943)	(2,943)
Entering into new leases during the year	–	–	–	61,082	61,082
Total other changes	–	–	–	61,082	61,082
At 31 December 2020	73,160	83,000	–	75,215	231,375

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities: *(Continued)*

	Borrowings HK$'000 *(Note 30)*	Shareholder's loans HK$'000 *(Note 31)*	Amount due to a related company HK$'000 *(Note 45(a))*	Lease liabilities HK$'000 *(Note 32)*	Total HK$'000
At 1 January 2019	15,854	178,000	–	88,998	282,852
Changes from cash flows:					
Repayment of borrowings	(2,105)	–	–	–	(2,105)
Capital element of lease rentals paid	–	–	–	(33,069)	(33,069)
Proceeds from amount due to a related company	–	–	40,000	–	40,000
Proceeds from shareholder's loans	–	5,000	–	–	5,000
Total changes from financing cash flows:	(2,105)	5,000	40,000	(33,069)	9,826
Exchange adjustments:	111	–	–	273	384
Other changes:					
Interest expenses	–	–	–	3,423	3,423
Interest element of lease rental paid classified as operating cash flows	–	–	–	(3,423)	(3,423)
Reclassify to Liabilities directly associated with assets classified as held for sale	–	–	–	(1,146)	(1,146)
Entering into new leases during the year	–	–	–	5,989	5,989
Total other changes	–	–	–	4,843	4,843
At 31 December 2019	13,860	183,000	40,000	61,045	297,905

43. DISPOSAL OF SUBSIDIARIES

As disclosed in note 13, on 20 December 2019, the board of directors of the Company resolved to dispose the Plantation Business. The carrying amounts of the assets and liabilities of 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. The disposal of Best Earnest Group was completed on 24 June 2020. For details, please refer to note 41.

	HK$'000
Loss on disposal of subsidiaries:	
Consideration received	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	230,000
Bank balances and cash disposed of	(85,340)
Net cash inflow	144,660

Consideration of HK$230,000,000 was received during the year ended 31 December 2020. The net cash inflow during the year ended 31 December 2020 was HK$144,660,000.

44. COMMITMENTS

(a) Commitment – as lessor

The Group had future aggregate minimum lease receipts in respect of machineries included in property, plant and equipment and right-of-use assets in the Group under non-cancellable operating leases as follows:

	2020 HK$'000	2019 HK$'000
Within one year	27,208	40,151
In the second to fifth years, inclusive	2,295	5,220
	29,503	45,371

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

	2020 HK$'000	2019 HK$'000
Within one year	23,237	673
In the second to fifth years, inclusive	746	–
	23,983	673

The Group leases its machinery under operating leases arrangements which run for an initial period of one to two years. All leases are on a fixed rental basis and do not include contingent rentals. The terms of leases generally require the lessee to pay security deposits.

44. COMMITMENTS *(Continued)*

(b) Commitment – as lessee

The total future minimum lease payments related to short term leases of the Group in respect of machinery, office and premises located in Hong Kong and PRC under non-cancellable operating leases are as follows:

	2020 HK$'000	2019 HK$'000
Group		
Within one year	15,666	194

As at 31 December 2020, the leases payment in respect of machinery, office and premises in Hong Kong and PRC run for an initial period within one year. All rentals are fixed over the lease terms and do not include contingent rentals.

(c) Capital commitment

	2020 HK$'000	2019 HK$'000
Group		
Acquisition of property, plant and equipment – contracted but not provided for	4,029	751
Acquisition of property development activities – contracted but not provided for	38,689	–
	42,718	751

45. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions during the year

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

Related party relationship	Type of transaction	2020 HK$'000	2019 HK$'000
The immediate and ultimate holding company of the Company	Interest expense on shareholder's loans	12,617	18,183
Subsidiaries of the beneficial owner	Interest expenses on amounts due to related companies	1,446	–

During the year ended 31 December 2020, 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 year.

The terms and conditions of the shareholder's loans are set out in note 31.

The transactions were conducted in the normal course of business at prices and terms mutually agreed by the Company and the immediate and ultimate holding company of the Company.

Amount due from a related company was non-trade in nature, unsecured, interest-bearing at 0.2% per annum and the loan term is one year.

Related party relationship	Maximum outstanding during the year ended 31 December 2020 HK$'000	2020 HK$'000	2019 HK$'000
A subsidiary of the beneficial owner	40,000	–	40,000

(b) Key management personnel compensation

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

	2020 HK$'000	2019 HK$'000
Short-term employee benefits	9,863	8,496
Post-employment benefits	116	103
	9,979	8,599

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to a variety of financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. It identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the Directors.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has bank deposits, cash at bank balances, borrowing, shareholder's loans and lease liabilities which bore interests at fixed and floating interest rates. Exposure to interest rate risk exists on those balances subject to floating interest rate when there are unexpected adverse interest rate movements. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary.

Exposure

The following table details the interest rate profile of the Group's financial instruments at the reporting date:

	Weighted average effective interest rate per annum		Carrying amount	
	2020	2019	**2020**	2019
	%	%	**HK$'000**	HK$'000
Variable rate instruments				
Financial assets				
Cash and cash equivalents	**0 - 0.4**	0 – 0.4	**29,953**	25,326
			29,953	25,326
Financial liabilities				
Borrowings	**2.4 - 6.3**	2.5 - 2.8	**73,160**	13,860
Lease liabilities	**3.1 - 5.2**	3.5 - 5.6	**6,508**	7,631
			79,668	21,491
Net exposure			**(49,715)**	3,835

The policies to manage interest rate risk have been followed by the Group consistently throughout the year.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(a) Interest rate risk *(Continued)*

Sensitivity analysis

The following table illustrates the sensitivity of loss after income tax for the year and accumulated losses to a reasonably possible change in interest rates of +1% (2019: +1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and all other variables are held constant.

	2020 HK$'000	2019 HK$'000
Effect on loss after income tax for the year and accumulated losses	(472)	32

A -1% (2019: -1%) change in interest rates would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business. As at 31 December 2020, the five largest trade debtors, in aggregate, contributed approximately HK$47,746,000 or 33.4% (2019: HK$21,007,000 or 48.9%) to the Group's total trade receivables. The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties and customers.

The Group's management considers that all the above financial assets that are not impaired under review are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancement.

The credit risk for bank deposits and balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of lifetime expected loss provisions for all trade receivables. The ECLs on trade receivables are estimated by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECLs also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of debtors to settle receivables. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from COVID-19. The Group recognises lifetime ECLs for trade receivables based on individual significant customers or the ageing of customers collectively that are not individually significant.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(b) Credit risk *(Continued)*

The followings are credit risk management practices and quantitative and qualitative information about amounts arising ECLs for each class of financial assets.

Trade receivables

The Group provides for lifetime ECLs for trade receivables based on historical trend. Loss rates are based on actual loss experience and past trends. Where there is a significant deterioration in credit risk or when the receivables are assessed to be credit-impaired, the Group provides for lifetime ECLs. The ECLs also incorporate forward looking information such as forecast of economic conditions.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2020 and 2019:

	Expected loss rate	Gross carrying amount excluding specific debtors HK$'000	Loss allowance excluding specific debtors HK$'000	Carrying amount of specific debtors HK$'000	Loss allowance of specific debtors HK$'000	Total loss allowance HK$'000
2020						
Current (not past due)	0.81%	21,633	78	–	–	78
1-30 days past due	0.81%	16,865	43	–	–	43
31-60 days past due	2.66%	6,354	54	15	15	69
61-90 days past due	2.66%	4,646	88	224	224	312
91-120 days past due	4.40%	2,422	95	–	–	95
More than 120 days past due	5.08%	13,305	345	608	608	953
		65,225	703	847	847	1,550

	Expected loss rate	Gross carrying amount excluding specific debtors HK$'000	Loss allowance excluding specific debtors HK$'000	Carrying amount of specific debtors HK$'000	Loss allowance of specific debtors HK$'000	Total loss allowance HK$'000
2019						
Current (not past due)	0.60%	9,650	47	–	–	47
1-30 days past due	0.60%	19,871	42	–	–	42
31-60 days past due	2.10%	4,210	194	–	–	194
61-90 days past due	2.10%	2,983	87	–	–	87
91-120 days past due	3.60%	422	20	–	–	20
More than 120 days past due	3.60%	6,577	240	300	300	540
		43,713	630	300	300	930

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(b) Credit risk *(Continued)*

Other receivables and deposits measured at amortised cost

Apart from credit-impaired other receivables with loss allowance of approximately HK$9,000 (2019: HK$9,000) as disclosed in note 26, the Group provides for 12-month ECLs for all other receivables and deposits at initial recognition. Where there is a significant deterioration in credit risk or when the other receivables and deposits are assessed to be credit-impaired, the Group provides for lifetime ECLs. The ECLs incorporate forward looking information such as forecast of economic conditions and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operates. The Group considers the consistently low historical default rates of counterparties. It is concluded that credit risk inherent in the Group's remaining other receivables and deposits is insignificant. The Group has assessed that the remaining other receivables and deposits do not have a significant increase in credit risk since initial recognition and risk of default is insignificant, therefore the ECLs for these remaining other receivables and deposits were immaterial under the 12-month ECLs. No loss allowance for remaining other receivables and deposits was recognised for the years ended 31 December 2020 and 2019.

(c) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and it has major operations in Hong Kong, Singapore, Macau and the PRC. Income and expenses of the Group are primarily denominated in HK$, S$, US$, EUR and RMB. Thus, it is exposed to foreign currency risk from currency exposures.

The Group's sales are mainly denominated in HK$, S$, US$ and RMB while purchases are mainly denominated in HK$, S$, US$ and RMB. US$ is not the functional currency of the group entities to which these transactions relate.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The policies to manage foreign currency risk have been followed by the Group consistently throughout the year and are considered to be effective.

Since HK$ are pegged to US$, there is no significant exposure expected on US$ transactions and balances arising in Hong Kong.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(c) Foreign currency risk *(Continued)*

Exposure

Foreign currency denominated financial assets and liabilities, translated into a currency other than the functional currency of the Company and its subsidiaries at the closing rates, are as follows:

	RMB HK$'000	US$ HK$'000	EUR HK$'000
2020			
Trade receivables	–	1,151	–
Other receivables	44	895	61
Cash and cash equivalents	10	2,335	–
Trade payables	–	–	86
Contract liabilities	–	4,695	–
2019			
Cash and cash equivalents	9	1,623	–
Trade payables	–	213	–

Sensitivity analysis

The Directors considered a reasonably possible change of 1% in RMB, EUR and US$ exchange rates on sensitively analysis would have insignificant impact on the Group's loss before tax and there would be no impact on the Group's equity.

(d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(d) Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, was as follows:

	Carrying amount HK$'000	Total Contractual undiscounted cash flow HK$'000	On demand HK$'000	Less than one year HK$'000	More than one year HK$'000
2020					
Financial liabilities					
– Trade payables	58,704	58,704	–	58,704	–
– Accruals and other payables	44,889	44,889	44,889	–	–
– Borrowings	73,160	81,674	–	10,270	71,404
– Shareholder's loans	83,000	83,000	83,000	–	–
– Lease liabilities	75,215	84,578	–	38,763	45,815
	334,968	352,845	127,889	107,737	117,219
2019					
Financial liabilities					
– Trade payables	35,718	35,718	–	35,718	–
– Accruals and other payables	37,299	37,299	37,299	–	–
– Borrowings	13,860	15,065	–	2,511	12,554
– Shareholder's loans	183,000	183,000	183,000	–	–
– Amount due to a related company	40,000	40,000	–	40,000	–
– Lease liabilities	61,045	70,403	–	26,235	44,168
	370,922	381,485	220,299	104,464	56,722

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its requirements in the short and longer terms. As detailed in note 2.1, at the end of reporting period for the year ended 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$39,449,000. The Directors consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2020, on the basis that an undertaking from the immediate and ultimate holding company not to demand repayment of the unsecured shareholder's loans due by the Group of approximately HK$83,000,000 as at 31 December 2020 until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business and obtain financial support from one of the substantial shareholder of the Company. 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.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(e) Fair value

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, accruals, borrowings, amount due to a related company, shareholder's loans and lease liabilities.

The fair values of the Group's financial assets and liabilities were not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair values of non-current liabilities were not disclosed because the carrying values were not materially different from the fair value.

(f) Summary of financial assets and liabilities by category

The categories of financial assets and financial liabilities at the reporting dates are included are as follows:

	2020 HK$'000	2019 HK$'000
Financial assets		
At amortised cost		
– Trade receivables	64,522	43,083
– Other receivables and deposits	5,365	2,912
– Cash and cash equivalents	29,953	25,326
	99,840	71,321
Financial liabilities		
At amortised cost		
– Trade payables	58,704	35,718
– Accruals and other payables	44,889	37,299
– Borrowings	73,160	13,860
– Shareholder's loans	83,000	183,000
– Amount due to a related company	–	40,000
– Lease liabilities	75,215	61,045
	334,968	370,922

47. OUTSTANDING CLAIM IN PRIOR YEAR

The Group, in the ordinary course of its business, is involved in various claims, lawsuits, investigations, and legal proceedings that arise from time to time. Although the directors do not expect that the outcome in any of these legal proceedings will have a material adverse effect on the Group's financial position or results of operations, litigation is inherently unpredictable. The directors are of the opinion that the details of these legal and other proceedings are sensitive and disclosures are therefore not set out in full.

On 5 June 2017, a supplier of the Group (the "Supplier") initiated a legal proceeding in Singapore in respect of an alleged breach of contract for supply of tower crane accessories on the part of the Group. The Supplier claimed the Group for outstanding rental payable balances of approximately S$55,000 (equivalent to approximately HK$323,000) and losses and damages of approximately S$73,000 (equivalent to approximately HK$429,000) resulting from the alleged breach of contract (the "Dispute"). Meanwhile, the Group had filed a counterclaim for the loss of income of approximately S$42,000 (equivalent to approximately HK$247,000) as a result of the termination of contract.

On 16 June 2017, the Group offered to settle the Dispute by payment of a sum of S$56,000 (equivalent to approximately HK$329,000), interest on such sum at the rate of 5.33% per annum from 5 June 2017 until actual settlement and costs and reasonable disbursements to be agreed or taxed.

As at 31 December 2017, an aggregate amount of S$80,000 (equivalent to approximately HK$470,000), being the agreed full and final settlement of the claim, was included in accruals.

On 27 February 2018, the Group and the Supplier had come to the conclusion to the terms of the settlement in the mediation in the Court Dispute Resolution Centre, in which, the Group paid S$80,000 (equivalent to approximately HK$470,000) to the Supplier, being the agreed full and final settlement of the claim and presented a letter of recommendation to the Supplier on 5 March 2018. Furthermore, the Supplier had filed the Supplier's notice of discontinuance for their claim on 14 March 2018; and the Group had filed the Group's notice of discontinuance of the counterclaim on 15 March 2018.

Up to 31 December 2020, there is no update on the outstanding claim. Management has re-assessed the probability of an outflow of the outstanding claim, they consider that the current accrual is adequate.

48. SIGNIFICANT EVENT DURING THE YEAR

Disposal of subsidiary

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 13, 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. For the details of the Disposal, please refer to the Company's announcements dated 24 February 2020, 6 March 2020 and 19 March 2020, 22 May 2020, 8 July 2020 and 10 July 2020 respectively. As at the Disposal Date, the Court Proceedings and the winding-up petition were in progress.

Acquisition of a land

During the year ended 31 December 2020, the Group acquired a land in Mong Kok in April at a consideration of HK$85,900,000 and held for property development. For the details of the acquisition, please refer to the Company's announcement date 1 April 2020.

* *For identification purposes only*

49. EVENTS AFTER REPORTING DATE

The performance of the Group were affected by the outbreak of COVID-19 since early 2020. 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.

50. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The capital structure of the Group consists of net debt and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses. The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder returns.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital. Total debts are calculated as the sum of carrying amounts of borrowings, shareholder's loans, lease liabilities and amount due to a related company as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

	2020 HK$'000	2019 HK$'000
Borrowings	73,160	13,860
Shareholder's loans	83,000	183,000
Lease liabilities	75,215	61,045
Amount due to a related company	–	40,000
Total debts	231,375	297,905
Total equity	127,276	490,578
Total debts to equity ratio	1.8	0.6

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2016 HK$'000 (re-presented)	2017 HK$'000	2018 HK$'000 (re-stated)	2019 HK$'000	**2020 HK$'000**
Continuing operations					
Revenue	156,160	206,805	108,277	124,473	**143,061**
Cost of sales and services	(83,738)	(98,782)	(60,882)	(70,682)	**(76,193)**
Gross profit	72,422	108,023	47,395	53,791	**66,868**
Loss before taxation	(66,861)	(9,926)	(81,880)	(64,918)	**(62,489)**
Income tax credit/(expense)	2,599	1,924	1,833	(567)	**(550)**
Loss for the year from continuing operations	(64,262)	(8,002)	(80,047)	(65,485)	**(63,039)**
Discontinued operations					
(Loss)/profit for the year from discontinued operations	(7,888)	319	91,686	81,785	**(69,506)**
(Loss)/profit for the year	(72,150)	(7,683)	11,639	16,300	**(132,545)**
(Loss)/profit for the year and attributable to owners of the Company					
– Continuing operations	(64,255)	(47,768)	(80,078)	(65,442)	**(62,999)**
– Discontinued operations	(7,888)	319	37,406	33,269	**(68,901)**
Loss per share from continuing and discontinued operations					
– Basic and diluted (HK cents)	(8.25)	(4.89)	(4.03)	(3.04)	**(12.44)**
Loss per share from continuing operations					
– Basic and diluted (HK cents)	(7.35)	(4.92)	(7.55)	(6.17)	**(5.94)**
Earnings/(loss) per share from discontinued operations					
– Basic and diluted (HK cents)	–	–	3.52	3.13	**(6.50)**

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2016 HK$'000 (re-presented)	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020** **HK$'000**
Non-current assets	619,371	586,257	564,929	241,647	**273,357**
Current assets	343,220	234,419	253,618	86,931	**212,296**
Current liabilities	(281,901)	(248,378)	(271,700)	(337,420)	**(251,745)**
Assets classified as held for sale	–	–	–	578,424	**–**
Liabilities directly associated with assets classified as held for sale	–	–	–	(30,795)	**–**
Net current (liabilities)/assets	61,319	(13,959)	(18,082)	297,140	**(39,449)**
Total assets less current liabilities	680,690	572,298	546,847	538,787	**233,908**
Non-current liabilities	(302,843)	(76,341)	(64,489)	(48,209)	**(106,632)**
Net assets/total equity	377,847	495,957	482,358	490,578	**127,276**
Total debts to equity ratio	0.7	0.4	0.5	0.6	**1.8**