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EAGLE LEGEND ASIA

EAGLE LEGEND ASIA LIMITED

鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board of directors (the “**Board**” and the “**Director(s)**”, respectively) of Eagle Legend Asia Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2019 are as follows:

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

For the six months ended 30 June 2020

| | | Six months ended 30 June | |
|---|--------------|---------------------------------|--------------------|
| | | 2020 | 2019 |
| | <i>Notes</i> | HK\$’000 | HK\$’000 |
| | | (Unaudited) | (Unaudited) |
| | | | (Restated) |
| Continuing Operations | | | |
| Revenue | 6 | 54,770 | 62,191 |
| Cost of sales and services | | <u>(20,760)</u> | <u>(36,050)</u> |
| Gross profit | | 34,010 | 26,141 |
| Other income and gains | 7 | 1,371 | 1,171 |
| Selling and distribution expenses | | (1,153) | (1,488) |
| Administrative expenses | | (27,355) | (21,550) |
| Other operating expenses | 8 | (23,626) | (20,639) |
| Finance costs | 9 | <u>(12,130)</u> | <u>(10,926)</u> |
| Loss before income tax | 10 | (28,883) | (27,291) |
| Income tax credit | 12 | <u>439</u> | <u>1,868</u> |
| Loss for the period from continuing operations | | <u>(28,444)</u> | <u>(25,423)</u> |

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

For the six months ended 30 June 2020

| | <i>Notes</i> | Six months ended 30 June | |
|---|--------------|---------------------------------|--------------------|
| | | 2020 | 2019 |
| | | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| | | | (Restated) |
| Discontinued operations | | | |
| (Loss)/Profit for the period from discontinued operations | <i>11</i> | (1,234) | 88,460 |
| Loss on disposal of subsidiaries | <i>22</i> | (68,272) | – |
| | | <u>(69,506)</u> | <u>88,460</u> |
| (Loss)/Profit for the period from discontinued operations | | <u>(69,506)</u> | <u>88,460</u> |
| (Loss)/Profit for the period | | <u>(97,950)</u> | <u>63,037</u> |
| Continuing operations | | | |
| Other comprehensive income | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| Loss on revaluation of properties, net of tax | | – | (699) |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | <u>(1,141)</u> | <u>140</u> |
| Other comprehensive loss for the period from continuing operations | | <u>(1,141)</u> | <u>(559)</u> |
| Discontinued operations | | | |
| Other comprehensive income | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | (8,481) | 2,655 |
| Translation reserve released upon disposal of subsidiaries | | <u>9,042</u> | <u>–</u> |
| Other comprehensive income for the period from discontinued operations | | <u>561</u> | <u>2,655</u> |
| Other comprehensive (loss)/income for the period | | <u>(580)</u> | <u>2,096</u> |
| Total comprehensive (loss)/income for the period | | <u>(98,530)</u> | <u>65,133</u> |

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

For the six months ended 30 June 2020

| | | Six months ended 30 June | |
|---|--------------|---------------------------------|--------------------|
| | | 2020 | 2019 |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) |
| | | | (Restated) |
| (Loss)/Profit for the period attributable to: | | | |
| Owners of the Company | | | |
| – Continuing operations | | (28,428) | (25,402) |
| – Discontinued operations | | (68,901) | 36,092 |
| | | <hr/> | <hr/> |
| (Loss)/Profit for the period attributable to owners of the Company | | (97,329) | 10,690 |
| | | <hr/> | <hr/> |
| Non-controlling interests | | | |
| – Continuing operations | | (16) | (21) |
| – Discontinued operations | | (605) | 52,368 |
| | | <hr/> | <hr/> |
| (Loss)/Profit for the period attributable to non-controlling interests | | (621) | 52,347 |
| | | <hr/> | <hr/> |
| | | (97,950) | 63,037 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | | (92,888) | 11,611 |
| Non-controlling interests | | (5,642) | 53,522 |
| | | <hr/> | <hr/> |
| | | (98,530) | 65,133 |
| | | <hr/> | <hr/> |
| (Loss)/Earnings per share from continuing and discontinued operations | | | |
| – Basic and diluted (HK cents) | <i>14</i> | (9.18) | 1.01 |
| | | <hr/> | <hr/> |
| Loss per share from continuing operations | | | |
| – Basic and diluted (HK cents) | <i>14</i> | (2.68) | (2.40) |
| | | <hr/> | <hr/> |
| (Loss)/Earnings per share from discontinued operations | | | |
| – Basic and diluted (HK cents) | <i>14</i> | (6.50) | 3.41 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

| | | As at 30 June 2020 <i>HK\$'000</i> (Unaudited) | As at 31 December 2019 <i>HK\$'000</i> (Audited) |
|---|----|---|---|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 130,886 | 136,431 |
| Right-of-use assets | | 95,260 | 104,793 |
| Intangible assets | 16 | 3,006 | – |
| Deferred tax assets | | 97 | 101 |
| Deposits | | 358 | 322 |
| | | 229,607 | 241,647 |
| Current assets | | | |
| Properties under development | 17 | 86,295 | – |
| Inventories and consumables | | 10,288 | 11,869 |
| Trade receivables | 18 | 36,560 | 43,083 |
| Prepayments, deposits and other receivables | | 104,016 | 6,653 |
| Cash and cash equivalents | | 23,854 | 25,326 |
| | | 261,013 | 86,931 |
| Assets classified as held for sale | 21 | – | 578,424 |
| | | 261,013 | 665,355 |
| Current liabilities | | | |
| Trade payables | 19 | 20,200 | 35,718 |
| Receipt in advance, accruals and other payables | | 66,069 | 49,543 |
| Contract liabilities | | 546 | 78 |
| Bank borrowings | | 3,836 | 2,153 |
| Shareholder's loans | 20 | 183,000 | 183,000 |
| Lease liabilities | | 24,519 | 26,740 |
| Amount due to a related company | | – | 40,000 |
| Tax payable | | – | 188 |
| | | 298,170 | 337,420 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)**

As at 30 June 2020

| | <i>Notes</i> | As at 30 June 2020 HK\$'000 (Unaudited) | As at 31 December 2019 HK\$'000 (Audited) |
|--|--------------|--|--|
| Liabilities directly associated with assets classified as held for sale | 21 | — | 30,795 |
| | | <u>298,170</u> | <u>368,215</u> |
| Net current (liabilities)/assets | | <u>(37,157)</u> | <u>297,140</u> |
| Total assets less current liabilities | | <u>192,450</u> | <u>538,787</u> |
| Non-current liabilities | | | |
| Bank borrowings | | 15,964 | 11,707 |
| Lease liabilities | | 31,455 | 34,305 |
| Deferred tax liabilities | | 1,890 | 2,197 |
| | | <u>49,309</u> | <u>48,209</u> |
| Net assets | | <u>143,141</u> | <u>490,578</u> |
| EQUITY | | | |
| Share capital | | 10,600 | 10,600 |
| Reserves | | 132,049 | 224,937 |
| | | <u>142,649</u> | <u>235,537</u> |
| Equity attributable to the owners of the Company | | <u>142,649</u> | <u>235,537</u> |
| Non-controlling interests | | 492 | 255,041 |
| | | <u>143,141</u> | <u>490,578</u> |
| Total equity | | <u>143,141</u> | <u>490,578</u> |

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Eagle Legend Asia Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Unit 3610, 36/F., The Center, 99 Queen’s Road Central, Central, Hong Kong. The Company is an investment company and its subsidiaries (collectively known as the “**Group**”) are principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases and providing repair and maintenance services in respect of the construction machinery (“**Construction Equipment Business**”); (ii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings (“**Plantation Business**”) and (iii) property development. The Group had classified the Plantation Business as discontinued operations during the year ended 31 December 2019. On 24 June 2020 (the “**Disposal Date**”), the Group had completed the disposal of the Plantation Business and, as a result, ceased to engage in such business.

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

The interim financial report for the six months ended 30 June 2020 (the “**Period**”) have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

At the end of reporting period, the Group’s current liabilities exceeded its current assets by approximately HK\$37,157,000. The directors of the Company (the “**Directors**”) consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 30 June 2020, on the basis that the immediate and ultimate holding company of the Company shall not demand repayment of the unsecured shareholder’s loans due by the Group of approximately HK\$183,000,000 as at 30 June 2020 until such time when repayment will not affect the Group’s ability to repay other creditors in the normal course of business. The Directors are of the opinion that, in the absence of unforeseen adverse circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting period. Accordingly, the financial statements have been prepared on a going concern basis.

1. GENERAL INFORMATION AND BASIS OF PREPARATION (Continued)

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

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

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

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

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

2. ACCOUNTING POLICIES

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

Intangible assets

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

| | |
|----------------------|---------|
| Construction license | 3 years |
|----------------------|---------|

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 below:

Impairment of intangible assets

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

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

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

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

2. ACCOUNTING POLICIES (Continued)

Impairment of intangible assets (Continued)

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

Properties under development

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

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

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs

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

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

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

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

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

⁴ Effective date not yet determined

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

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

Other than Amendments to HKFRS16, the Group has not applied any new and amended HKFRSs that are not yet effective for the current accounting period.

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

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

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

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

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

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

Issued but not yet effective HKFRSs (Continued)

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

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

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

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

4. **USE OF JUDGEMENTS AND ESTIMATES**

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

5. **SEGMENT INFORMATION**

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

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

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

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

5. SEGMENT INFORMATION (Continued)

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

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

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

5. SEGMENT INFORMATION (Continued)

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

| | Unaudited | | | | | | | | | | |
|---|---------------------------------|----------------|-------------|-------------|---------------------------|---------------------------|-------------------------|-------------------------|---------------|----------------|----------------|
| | Continuing operations | | | | | | | Discontinued operations | | | |
| | Construction Equipment Business | | | | | | Plantation Business | | | | |
| | Hong Kong | Singapore | Vietnam | Macau | PRC | Inter segment elimination | Sub-total | Hong Kong | PRC | Sub-total | Total |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| | | | | | | | (Restated) | | | | (Restated) |
| Six months ended 30 June 2019 | | | | | | | | | | | |
| Revenue | | | | | | | | | | | |
| From external customers | 35,678 | 26,513 | - | - | - | - | 62,191 | - | 29,189 | 29,189 | 91,380 |
| From inter segment | - | - | - | - | - | - | - | - | - | - | - |
| Reportable segment revenue | 35,678 | 26,513 | - | - | - | - | 62,191 | - | 29,189 | 29,189 | 91,380 |
| Reportable segment (loss)/profit | (5,290) | (6,688) | (62) | (19) | - | - | (12,059) | (1) | 88,461 | 88,460 | 76,401 |
| Interest on shareholder's loans | | | | | | | (8,958) | | | - | (8,958) |
| Unallocated corporate expenses | | | | | | | | | | | |
| - Corporate staff costs | | | | | | | (3,476) | | | - | (3,476) |
| - Others | | | | | | | (930) | | | - | (930) |
| (Loss)/Profit for the period | | | | | | | (25,423) | | | 88,460 | 63,037 |
| Audited | | | | | | | | | | | |
| Continuing operations | | | | | | | Discontinued operations | | | | |
| Construction Equipment Business | | | | | | Plantation Business | | | | | |
| Hong Kong | Singapore | Vietnam | Macau | PRC | Inter segment elimination | Sub-total | Hong Kong | PRC | Sub-total | Total | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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 |

5. SEGMENT INFORMATION (Continued)

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

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

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

6. REVENUE

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

6. REVENUE (Continued)

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

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

7. OTHER INCOME AND GAINS

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

8. OTHER OPERATING EXPENSES

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

9. FINANCE COSTS

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

10. (LOSS)/PROFIT BEFORE INCOME TAX

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

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

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

11. DISCONTINUED OPERATIONS

Management of the Company have repeatedly made verbal and written requests to Guangdong Dahe and paid physical on-site visits, the Company has been refused access to Guangdong Dahe's plantation site from 28 December 2019. The Company has been unable to have access to the complete sets of books and records together with supporting documents of Guangdong Dahe since 1 December 2019. The financial results of Guangdong Dahe for the period from 1 January 2019 to 30 November 2019 is included in the consolidated accounts of the Group for the year ended 31 December 2019. In addition, the assets and liabilities of the Guangdong Dahe are de-consolidated from the balance sheet of the Group and separately shown as assets classified as held for sale and liabilities associated with assets held for sale, respectively (note 21). On 20 December 2019, the board of directors of the Company resolved to dispose of the Plantation Business.

On 24 February 2020, the Group and a purchaser, 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, the shares for a total consideration of HK\$230,000,000 (the “**Disposal**”). The Disposal was completed on the Disposal Date.

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

11. DISCONTINUED OPERATIONS (Continued)

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

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

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

11. DISCONTINUED OPERATIONS (Continued)

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

The carrying amounts of the assets and liabilities of Best Earnest and its subsidiaries (the “**Best Earnest Group**”), mainly includes Guangdong Dahe, have been classified and accounted for as a disposal group held for sale as at 31 December 2019 and the Disposal Date, for details, please refer to note 21.

12. INCOME TAX CREDIT

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

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

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

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

13. INTERIM DIVIDEND

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

14. (LOSS)/EARNINGS PER SHARE

(i) Basic (loss)/earnings per share

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

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

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

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

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

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

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

15. CAPITAL EXPENDITURES

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

16. INTANGIBLE ASSETS

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

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

17. PROPERTIES UNDER DEVELOPMENT

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

The properties under development are all located in Hong Kong. No provision for impairment was made during six months ended 30 June 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.

18. TRADE RECEIVABLES

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

18. TRADE RECEIVABLES (Continued)

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

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

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

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

19. TRADE PAYABLES

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

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

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

20. SHAREHOLDER'S LOANS

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

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

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

On 24 April 2019, the Company further entered into an unsecured shareholder's loan agreement with the immediate and ultimate holding company of the Company in relation to the loan of HK\$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 25 April 2019, HK\$2,500,000 was drawn down by the Company.

20. SHAREHOLDER'S LOANS (Continued)

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

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

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

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

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

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

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

22. DISPOSAL OF SUBSIDIARIES

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

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

23. SIGNIFICANT EVENT DURING THE PERIOD

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

24. EVENT AFTER REPORTING DATE

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

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

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The Company's auditors have issued a disclaimer of conclusion on the Group's interim financial report for the six months ended 30 June 2020, an extract of the auditors' report is as follows:

Basis for Disclaimer of Conclusion

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

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

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

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

Disclaimer of Conclusion

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

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend in respect of the Period (six months ended 30 June 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group Results

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

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

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

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

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

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

The Group's Property Project as at 30 June 2020

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

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

Analysis of Properties Under Development as at 30 June 2020

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

* *GFA means gross floor area*

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

Outlook

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

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

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

Subsequent Event After Reporting Period

Save as disclosed in note 24 to the unaudited condensed consolidated financial statements set out in this announcement, the Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

Liquidity and Financial Resources

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

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

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

During the Period and as at 30 June 2020, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore was primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. For foreign currency purchases, hedging arrangements against foreign exchange fluctuations may be entered into. However, no hedging arrangement was undertaken for revenue generated from our Singapore and the PRC operations.

As at 30 June 2020, the Group had net current liabilities of approximately HK\$37.2 million (At 31 December 2019: net current assets of approximately HK\$297.1 million).

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

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

Capital Structure

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

Investment Position and Planning

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

Pursuant to a resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited ("**Manta-Vietnam**"), a company incorporated in Vietnam and an indirect 67%-owned subsidiary of the Company (the "**Board of Management**") held on 10 January 2013, the Board of Management resolved to liquidate Manta-Vietnam (the "**Liquidation**"). As at the date of this announcement, 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**"), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, which had ceased business with effect from 31 December 2018, both dated 20 March 2019, it was resolved that an application be made to the Registrar of Companies in Hong Kong for deregistration of Manta-Services. Manta-Services was dissolved on 27 March 2020

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

Material Acquisition or Disposal of Subsidiary

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

Litigations

Save as disclosed in note 23 to the unaudited condensed consolidated financial statements set out in this announcement, the Group did not have any other litigation up to the date of this announcement.

Pledge of Group Assets and Contingent Liabilities

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

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

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

Employment and Remuneration Policy

As at 30 June 2020, the Group had a total of 107 (At 31 December 2019: 104) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference on 25 June 2010. In order to comply with the relevant code provisions of the CG Code, the written terms of reference had been revised on 27 March 2012 and were further revised on 31 December 2015, 22 March 2017 and 24 December 2018.

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

REVIEW OF FINANCIAL INFORMATION

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

The external auditor has reviewed the unaudited condensed consolidated interim financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPETING INTERESTS

During the Period, none of the Directors, substantial Shareholders or any of their respective associates (as defined in the Listing Rules) has any interest in a business which caused or might cause any significant competition with the business of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

PUBLICATION OF 2020 INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.elasialtd.com). The interim report of the Company for the Period, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the same websites in due course in the manner as required by the Listing Rules.

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

Hong Kong, 26 August 2020

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