EAGLE LEGEND ASIA LIMITED
鵬程亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Board", or the "Director(s)") of Eagle Legend Asia Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000 (re-presented)
Continuing operations			
Revenue	*5*	**206,805**	156,160
Cost of sales and services		**(98,782)**	(83,738)
Gross profit		**108,023**	72,422
Gain arising from changes in fair value less costs to sell of biological assets		**49,639**	–
Other income and gains	*6*	**12,340**	1,881
Selling and distribution expenses		**(2,608)**	(2,704)
Administrative expenses		**(59,740)**	(63,483)
Other operating expenses		**(67,753)**	(49,335)
Finance costs	*7*	**(49,827)**	(25,642)
Loss before income tax	*8(a)*	**(9,926)**	(66,861)
Income tax credit	*9*	**1,924**	2,599
Loss for the year from continuing operations		**(8,002)**	(64,262)
Discontinued operation			
Profit/(loss) for year from discontinued operation	*8(b)*	**319**	(7,888)
Loss for the year		**(7,683)**	(72,150)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000* (re-presented)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Gain/(loss) on revaluation of properties held for own use, net of tax		**1,819**	(272)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**28,041**	(4,585)
Release of translation reserve upon disposal of subsidiaries		**3,530**	–
Other comprehensive income for the year		**33,390**	(4,857)
Total comprehensive income for the year		**25,707**	(77,007)
(Loss)/profit for the year attributable to:			
Owners of the Company			
— Continuing operations		**(47,768)**	(64,255)
— Discontinued operation		**319**	(7,888)
Loss for the year attributable to owners of the Company		**(47,449)**	(72,143)
Non-controlling interests			
— Continuing operations		**39,766**	(7)
— Discontinued operation		**–**	–
Profit/(loss) for the year attributable to non-controlling interests		**39,766**	(7)
		(7,683)	(72,150)
Total comprehensive income attributable to:			
— Owners of the Company		**(26,106)**	(77,000)
— Non-controlling interests		**51,813**	(7)
		25,707	(77,007)
Loss per share from continuing and discontinued operations			
— Basic and diluted (HK cents)	*11*	**(4.89)**	(8.25)
Loss per share from continuing operations			
— Basic and diluted (HK cents)	*11*	**(4.92)**	(7.35)
Earnings/(loss) per share from discontinued operation			
— Basic and diluted (HK cents)	*11*	**0.03**	(0.90)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**511,022**	522,716
Payments for leasehold land held for own use under operating leases		**–**	19,603
Goodwill		**75,036**	75,036
Prepayment and deposit		**199**	2,016
		586,257	619,371
Current assets			
Biological assets		**5,766**	5,164
Inventories and consumables		**45,428**	52,695
Trade receivables	*12*	**19,916**	54,778
Prepayments, deposits and other receivables		**10,753**	20,584
Short-term investment		**–**	11,200
Tax recoverable		**–**	343
Cash and cash equivalents		**152,556**	198,456
		234,419	343,220
Current liabilities			
Trade payables	*13*	**30,334**	65,110
Receipt in advance, accruals and other payables		**102,833**	150,707
Bank borrowings		**2,108**	23,942
Other loan payable		**–**	2,848
Bonds payable		**77,803**	–
Finance lease payables		**34,143**	38,214
Deferred government grants		**1,157**	1,080
		248,378	281,901
Net current (liabilities)/assets		**(13,959)**	61,319
Total assets less current liabilities		**572,298**	680,690

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Non-current liabilities		
Accrual and other payable	**–**	72,074
Bank borrowing	**16,165**	16,918
Other loans payables	**–**	2,303
Bonds payable	**–**	41,681
Promissory note payable	**–**	89,477
Finance lease payables	**47,882**	57,336
Deferred government grants	**8,681**	9,354
Deferred tax liabilities	**3,613**	13,700
	76,341	302,843
Net assets	**495,957**	377,847
EQUITY		
Share capital	**10,600**	9,600
Reserves	**313,438**	248,141
Equity attributable to the owners of the Company	**324,038**	257,741
Non-controlling interests	**171,919**	120,106
Total equity	**495,957**	377,847

Notes:

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Room 3607, 36/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The Group is principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases, providing repair and maintenance services in respect of the construction machinery; and (ii) cultivation, research, processing and sales of exocarpium citri grandis and its seedlings.

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.

On 15 August 2017, the Group completed its disposal of the entire interests in a subsidiary group which was principally engaged in manufacturing and sales of proprietary Chinese medicines and health products (the "discontinued operation") to an independent third party. The accompanying financial statements and the comparative figures have been re-presented to reflect the results of the discontinued operation separately.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

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

- land and building carried at fair value; and
- biological assets except for bearer plants

During the year, the Group has incurred a loss of approximately HK$7,683,000 and at the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK$13,959,000. The Directors consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2017, on the basis that (a) an unconditional undertaking from the immediate and ultimate holding company of the Company so as to enable the Group to meet its obligations and liabilities as and when they fall due and to continue its day-to-day business operations as a viable going concern notwithstanding any present or future financial difficulties for coming twelve months at least up to 31 December 2018; and (b) a loan facility of HK$35,000,000 obtained from an independent third party as a liquidity cushion for operating cash flows, of which the loan facility is available to draw down. The Directors are of the opinion that, in the absence of unforeseen adverse circumstances, the Group will have sufficient financial resources to finance its working capital requirements for the next twelve months from the reporting period. Accordingly, the financial statements have been prepared on a going concern basis.

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

(c) Functional and presentation currency

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

3. ADOPTION OF HKFRS

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the financial statements.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on the financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on the financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

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

The following new/revised HKFRS, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
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 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective for annual periods beginning on or after a date to be determined

The Directors are in the process of assessing the impact of these new/revised HKFRS and do not intend to adopt them before their respective effective dates. Other than HKFRS 9, HKFRS 15 and HKFRS 16, the Directors expect that the adoption of the new/revised HKFRS above will have no material impact on the financial statements in the period of initial application. Specifically, the Group assesses the impact of HKFRS 9, HKFRS 15 and HKFRS 16 as follows:

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Directors consider that the application of HKFRS 9 in the future will not have a significant impact on the Group's financial performance and financial position, but in general the new impairment requirements will result in earlier recognition of credit losses of the Group's trade and other receivables. The expected credit loss model under HKFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The measurement of the loss allowance generally depends on whether there has been a significant increase in credit risk since initial recognition of the instrument HKFRS 9 requires an entity to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition considering all reasonable and supportable information, including that which is forward-looking.

In the opinion of the Directors, based on the historical experience of the Group, the default rate of the outstanding balances with customers and other debtors is low. Hence, the Directors anticipate that application of the new impairment requirements under HKFRS 9 would not have material impact on the Group's future financial statements. The above assessments were made based on currently available information and may be subject to changes arising from further reasonable and supportable information being subsequently made available to the Group when the Group adopts HKFRS 9 on the effective date of 1 January 2018.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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

The amendments to HKFRS 15 included classifications on identification of performance obligation; application of principal versus agent; licenses of intellectual; and transaction requirements.

Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

The Group expects that the timing of revenue recognition of certain performance obligations may be affected.

The Group's revenue recognition policies are disclosed in the financial statements. Currently, service income is recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

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

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

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

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

The timing of revenue recognition of certain performance obligations identified in the Group's contracts may change from over time to point in time as they do not meet any of the 3 situations identified under HKFRS 15 for revenue recognition over time. However as these performance obligations are usually satisfied over a short period of time ranging from a few days to a few weeks, the Group does not anticipate any significant impact on its revenue recognition in any particular financial year.

The Group is now in the process of performing a detailed assessment of the impact resulting from the application of HKFRS 15 on its financial statements and there may be other aspects affected in addition to those disclosed above. The Group is also assessing the transition method it will take and whether to apply any practical expedients on transition.

HKFRS 16 — Leases

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

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

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases under operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in the financial statements, the Group's future minimum lease payments under non-cancellable operating leases amounted to approximately HK$5,652,000 as at 31 December 2017. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services from which are subject to risks and returns that are different from those of the other operating segments. Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below:

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

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

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

	Continuing operations							Discontinued operation			
	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Inter segment elimination *HK$'000*	Subtotal *HK$'000*	Hong Kong *HK$'000*	PRC *HK$'000*	Subtotal *HK$'000*	Total *HK$'000* (re-presented)
Year ended 31 December 2016											
Revenue											
From external customers	68,975	86,669	–	516	–	–	156,160	–	58,454	58,454	214,614
From inter segment	1,843	2,706	–	–	–	(4,549)	–	–	–	–	–
Reportable segment revenue	70,818	89,375	–	516	–	(4,549)	156,160	–	58,454	58,454	214,614
Reportable segment (loss)/profit	(10,437)	(13,514)	(21)	(29)	–	7	(23,994)	(10)	(7,878)	(7,888)	(31,882)
Interest on bonds payable							(20,260)			–	(20,260)
Unallocated corporate expenses							(20,008)			–	(20,008)
Loss for the year							(64,262)			(7,888)	(72,150)

	Continuing operations							Discontinued operation			
	Hong Kong *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Inter segment elimination *HK$'000*	Subtotal *HK$'000*	Hong Kong *HK$'000*	PRC *HK$'000*	Subtotal *HK$'000*	Total *HK$'000* (re-presented)
Other reportable segment information											
Interest income	40	12	–	–	–	–	52	–	8	8	60
Interest expenses	(1,098)	(4,284)	–	–	–	–	(5,382)	–	(1,416)	(1.416)	(6,798)
Amortisation on payments for leasehold land held for own use under operating leases	–	–	–	–	–	–	–	–	(544)	(544)	(544)
Depreciation of non-financial assets	(12,904)	(27,919)	–	–	–	–	(40,823)	–	(3,084)	(3,084)	(43,907)
Gain on disposal of property, plant and equipment	93	67	–	–	–	–	160	–	–	–	160
Impairment loss on property, plant and equipment	(718)	(7,794)	–	–	–	–	(8,512)	–	–	–	(8,512)
Write-down of inventories to net realisable value and provision for impairment of inventories	(107)	(933)	–	–	–	–	(1,040)	–	(656)	(656)	(1,696)
Written off of inventories	(18)	–	–	–	–	–	(18)	–	–	–	(18)
Income tax credit	660	1,905	–	34	–	–	2,599	–	961	961	3,560
Additions to non-current segment assets during the year	15,944	23,511	–	–	–	–	39,455	–	598	598	40,053

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

The following tables present (i) the revenue from external customers by locations/jurisdictions of customers from which the Group derived revenue for the year and (ii) non-current assets by locations of assets.

Revenue from external customers

	Hong Kong (domicile) *HK$'000*	Singapore *HK$'000*	Vietnam *HK$'000*	Macau *HK$'000*	PRC *HK$'000*	Sri Lanka *HK$'000*	Korea *HK$'000*	Thailand *HK$'000*	United Arab Emirates *HK$'000*	Total *HK$'000* (re-presented)
Continuing operations										
Year ended 31 December 2017	**59,454**	**34,610**	**1,624**	**–**	**89,331**	**558**	**17,543**	**–**	**3,685**	**206,805**
Year ended 31 December 2016	56,340	55,762	–	516	–	1,174	41,962	406	–	156,160
Discontinued operation										
Year ended 31 December 2017	**–**	**–**	**–**	**–**	**38,666**	**–**	**–**	**–**	**–**	**38,666**
Year ended 31 December 2016	–	–	–	–	58,454	–	–	–	–	58,454

Non-current assets

	Hong Kong (domicile) *HK$'000*	Singapore *HK$'000*	PRC *HK$'000*	Total *HK$'000*
At 31 December 2017	**111,566**	**159,448**	**315,243**	**586,257**
At 31 December 2016	167,474	177,975	273,922	619,371

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

Information about a major customer

Revenue from one customer of the Group's PRC (2016: PRC) segment amounted to approximately HK$21,574,000 (2016: approximately HK$24,728,000), which represented approximately 9% (2016: approximately 12%) of the Group's consolidated revenue, including the revenue from discontinued operation for the year.

5. REVENUE

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

	2017 *HK$'000*	2016 *HK$'000* (re-presented)
Continuing operations		
Sales of machinery	**28,354**	54,406
Sales of spare parts	**5,399**	5,523
Rental income from leasing of owned plant and machinery and those held under finance leases	**55,155**	67,306
Rental income from subleasing of plant and machinery	**1,371**	1,281
Service income	**27,195**	27,644
Sales of dried exocarpium citri grandis	**89,331**	–
	206,805	156,160
Discontinued operation		
Sales of proprietary Chinese medicines and health products *(Note 8(b))*	**38,666**	58,454
	245,471	214,614

6. OTHER INCOME AND GAINS

	2017 *HK$'000*	2016 *HK$'000* (re-presented)
Continuing operations		
Bank interest income	**183**	52
Exchange gain, net	**2,703**	–
Compensation received	**417**	857
Gain on early settlement of promissory note payable	**5,496**	–
Gain on disposal of property, plant and equipment	**62**	160
Government grants and subsidies		
— Relating to unconditional subsidies *(Note)*	**92**	–
— Amortisation of deferred government grants for acquisition of property, plant and equipment	**1,285**	–
Recovery of impairment loss on trade receivables, net	**31**	–
Recovery of impairment loss on other receivable, net	**–**	91
Others	**2,071**	721
	12,340	1,881
Discontinued operation		
Bank interest income	**3**	8
Government grants and subsidies		
— Relating to unconditional subsidies *(Note)*	**120**	–
Others	**1**	22
(Note 8(b))	**124**	30
	12,464	1,911

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

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations		
Interest charges on financial liabilities stated at amortised cost:		
— Bank borrowing	**877**	1,207
— Bonds payable	**36,122**	20,260
— Finance lease payables	**3,809**	4,093
— Trade payables	**–**	82
— Promissory note payable	**9,019**	–
	49,827	25,642
Discontinued operation		
Interest charges on financial liabilities stated at amortised cost:		
— Bank borrowings *(Note 8(b))*	**625**	1,416
	50,452	27,058

8. LOSS BEFORE INCOME TAX

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

	2017	2016
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations		
Auditor's remuneration		
— Current year	**1,255**	959
— Under provision in respect of prior year	**300**	148
Cost of inventories recognised as an expense	**51,734**	59,461
Depreciation of property, plant and equipment		
— Owned assets	**37,938**	20,775
— Assets held under finance leases	**16,907**	20,048
	54,845	40,823
Maintenance cost of mature bearer plants	**12,908**	–
(Recovery of impairment loss)/impairment loss on trade receivables, net	**(31)**	29
Recovery of impairment loss on other receivable, net	**–**	(91)
Write-down of inventories to net realisable value and provision for impairment of inventories	**–**	1,040
Written off of inventories	**–**	18
Gain on disposal of property, plant and equipment	**(62)**	(160)
Impairment loss on property, plant and equipment	**–**	8,512
Written off of property, plant and equipment	**24**	18
Operating lease charges in respect of the Woodlands, land and premises	**4,858**	4,727
Employee costs (including Directors' remunerations)		
— Wages, salaries and bonus	**40,538**	37,701
— Contribution to defined contribution plans	**4,500**	2,767
	45,038	40,468
Net foreign exchange (gain)/loss	**(2,703)**	47
Net rental income from subletting of plant and machinery	**(89)**	(281)
Discontinued operation		
Cost of inventories recognised as an expense	**32,886**	55,441
Depreciation of property, plant and equipment		
— Owned assets	**2,181**	3,084
Amortisation of payments for leasehold land held for own use under operating lease	**372**	544
Write-down of inventories to net realisable value	**201**	656
Employee costs		
— Wages, salaries and bonus	**3,489**	5,529
— Contribution to defined contribution plans	**1,081**	1,464
	4,570	6,993

(b) Discontinued operation

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

The sales and results of discontinued operation were as follows:

	From 1 January to 15 August 2017 *HK$'000*	From 1 January to 31 December 2016 *HK$'000*
Revenue *(Note 5)*	**38,666**	58,454
Cost of sales	**(33,276)**	(57,024)
Gross profit	**5,390**	1,430
Other income *(Note 6)*	**124**	30
Selling and distribution expenses	**(297)**	(428)
Administrative expenses	**(4,035)**	(5,827)
Other operating expenses	**(1,792)**	(2,638)
Finance costs *(Note 7)*	**(625)**	(1,416)
Loss before income tax *(Note 8(a))*	**(1,235)**	(8,849)
Income tax credit *(Note 9)*	**323**	961
Loss after income tax from discontinued operation	**(912)**	(7,888)
Gain on disposal of subsidiaries	**1,231**	–
Profit/(loss) for the year from discontinued operation	**319**	(7,888)

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

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

For the purpose of presenting discontinued operation, the comparative figures have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

9. INCOME TAX CREDIT

	Continuing operations		Discontinued operation		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(re-presented)		(re-presented)		(re-presented)
Current tax — Macau						
— Over provision in respect of prior years	**–**	(34)	**–**	–	**–**	(34)
	–	(34)	**–**	–	**–**	(34)
Deferred tax						
— Current year	**(1,924)**	(2,565)	**(323)**	(961)	**(2,247)**	(3,526)
Total income tax credit	**(1,924)**	(2,599)	**(323)**	(961)	**(2,247)**	(3,560)

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

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

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

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: nil).

11. (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:

	2017	2016 (re-presented)
Loss		
Loss for the purposes of basic and diluted loss per share (HK$'000)	**(47,449)**	(72,143)
Number of shares		
Weighted average number of ordinary shares	**970,684,932**	874,316,940
Basic and diluted loss per share (HK cents)	**(4.89)**	(8.25)

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 2016 and 2017.

(ii) Continuing operations

	2017 *HK$'000*	2016 *HK$'000* (re-presented)
Loss for the year attributable to owners of the Company	**(47,449)**	(72,143)
Less: Profit/(loss) for the year from discontinued operation	**319**	(7,888)
	(47,768)	(64,255)
Basic and diluted loss per share from continuing operations (HK cents)	**(4.92)**	(7.35)

(iii) Discontinued operation

	2017 *HK$'000*	2016 *HK$'000* (re-presented)
Profit/(loss) for the year attributable to owners of the Company	**319**	(7,888)
Basic and diluted earnings/(loss) per share from discontinued operation (HK cents)	**0.03**	(0.90)

12. TRADE RECEIVABLES

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

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

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**6,120**	19,954
31–60 days	**5,890**	10,532
61–90 days	**4,972**	5,295
Over 90 days	**2,934**	18,997
	19,916	54,778

13. TRADE PAYABLES

The credit period is, in general, 30 to 60 days or based on the terms agreed in purchase agreements. At 31 December 2017, there was no interest-bearing trade payables (2016: nil).

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

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**14,904**	34,759
31–60 days	**3,951**	6,767
61–90 days	**4,486**	2,284
Over 90 days	**6,993**	21,300
	30,334	65,110

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2017, the Group generated revenue from continuing operations of approximately HK$206.8 million (2016: approximately HK$156.2 million) with a loss for the year from continuing operations of approximately HK$8.0 million (2016: approximately HK$64.3 million). Revenue from discontinued operation recorded approximately HK$38.7 million (2016: approximately HK$58.5 million) with a profit from discontinued operation of approximately HK$0.3 million (2016: loss of approximately HK$7.9 million).

Business Review

For the year ended 31 December 2017, the Group recorded revenue from continuing operations of approximately HK$206.8 million compared to approximately HK$156.2 million achieved in the previous year, and revenue from discontinued operation of approximately HK$38.7 million compared to approximately HK$58.5 million recorded in the previous year.

Following the completion of acquisition of 51% shareholding interest in Best Earnest Investments Limited ("Best Earnest") on 23 December 2016, the Group recorded revenue from sales of dried exocarpium citri grandis of approximately HK$89.3 million in the year under review. The revenue recorded were contributed by 廣東大合生物科技股份有限公司 (for identification purpose, in English, Guangdong Dahe Biological Technologies Limited) ("Guangdong Dahe"), an indirect subsidiary of Best Earnest, which is principally engaged in the cultivation, research, processing and sale of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, Guangdong Province, the People's Republic of China (the "PRC"). Guangdong Dahe operates with over 92,000 fruit trees of exocarpium citri grandis on a total area of woodlands of 2,151.36 mu as at 31 December 2017, which is among one of the biggest cultivation business in its industry in Huazhou City.

Revenue from sales of machinery of approximately HK$28.4 million was recorded for the year under review which represented a decrease of approximately 47.9% compared to 2016. The decrease in sales was mainly due to the persistently low monthly rental rates which encouraged the Group's customers, such as construction companies to rent tower cranes instead of purchasing new tower cranes, and the softer demand of used cranes than the previous years by virtue of the downturn of the Korean construction market in 2017 where our major used tower cranes customers are situated in.

Rental income from leasing of machinery decreased from approximately HK$68.6 million to approximately HK$56.5 million for the year under review, representing a decrease of approximately 17.6% year over year due to downward rental adjustment in Singapore.

Revenue from sales of spare parts and service income recorded a slight decrease of approximately 2.2% and 1.6% for the year under review to approximately HK$5.4 million and HK$27.2 million, respectively. The decreases were mainly due to the decreasing demand of spare parts according to customer's specific requirements and demand of services, including chargeable erection, climbing and dismantling activities.

On 15 August 2017, the Group completed the disposal of its business in manufacturing and sales of proprietary Chinese medicines and health products (the "Discontinued Operation") after considering its declined profitability and its loss position in recent years. The revenue from the Discontinued Operation was approximately HK$38.7 million compared to approximately HK$58.5 million recorded in the previous year.

Dividend

The Directors do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: Nil).

Financial review

Results for the year

As detailed in the section headed "Business Review" above, the Group recorded a loss from continuing operations of approximately HK$8.0 million (2016: approximately HK$64.3 million) and a profit from Discontinued Operation of approximately HK$0.3 million (2016: loss of approximately HK$7.9 million).

For the year ended 31 December 2017, the Group's other income and gains from continuing operations amounted to approximately HK$12.3 million, representing an increase of approximately 556.0% compared to that of 2016. The increase was mainly attributable to the exchange gain, gain on early settlement of promissory note payable and amortisation of deferred government grants for acquisition of property, plant and equipment.

The Group's property, plant and equipment amounted to approximately HK$511.0 million, representing a decrease of approximately 2.2% compared to that of 2016. The depreciation charges and staff costs from the continuing operations for the year under review increased by approximately HK$14.0 million and HK$4.6 million, respectively, as compared to the amounts for the previous year.

Finance costs from continuing operations amounted to approximately HK$49.8 million for the year ended 31 December 2017, representing an increase of approximately 94.3% compared to that of 2016. Finance costs from discontinued operation amounted to approximately HK$0.6 million for the year ended 31 December 2017, representing a decrease of approximately 55.9% compared to that of 2016.

Liquidity and Financial Resources

The Group held cash and cash equivalents of approximately HK$152.6 million as at 31 December 2017 (2016: approximately HK$198.5 million).

The total equity of the Group increased to approximately HK$496.0 million as at 31 December 2017 (2016: approximately HK$377.8 million).

As at 31 December 2017, the Group had net current liabilities of approximately HK$14.0 million (2016: net current assets of approximately HK$61.3 million).

Capital Structure

As at 31 December 2017, the Company had a total of 1,060,000,000 issued shares (the "Shares", each, a "Share") at HK$0.01 each (2016: 960,000,000 Shares).

On 11 October 2017, the Company and Mr. He Xiao Yang ("Mr. He"), a connected person (as defined in the Listing Rules) of the Company by virtue of him being a substantial shareholder holding a 49% equity interest in Best Earnest, an indirect 51%-owned subsidiary of the Company, and a director of the group companies of Best Earnest, entered into a subscription agreement, pursuant to which Mr. He had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue, 100,000,000 subscription Shares at the subscription price of HK$1.10 per subscription Share (the "Subscription").

The subscription Shares were allotted and issued under the specific mandate approved by the independent shareholders at the extraordinary general meeting of the Company held on 21 November 2017. The total consideration for the Subscription of HK$110,000,000 payable by Mr. He at the completion was set off against the total outstanding principal amount of the promissory note of HK$110,000,000 owed by the Company to Mr. He on a dollar-for-dollar basis.

Investment Position and Planning

During the year under review, the Group spent approximately HK$63.6 million for acquisition of plant and equipment (2016: approximately HK$40.1 million).

Save as disclosed below, the Group did not have any significant acquisition or disposal of subsidiaries and associated companies during the year under review.

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

On 23 December 2016, the Group acquired a 51% equity interest of Best Earnest from Mr. He, (the "Vendor") at a consideration of HK$220,000,000, of which HK$110,000,000 was satisfied by cash (the "Cash Consideration") and HK$110,000,000 was satisfied by promissory note (the "Promissory Note" and the "Acquisition", respectively). Pursuant to the conditional sale and purchase agreement dated 27 October 2016 (the "Acquisition Agreement"), the consideration has been held in escrow by the Company as a security for the performance by the Vendor of the guarantee that the net profit after tax attributable to the owners of Guangdong Dahe, a company established in the PRC with limited liability and an indirect 80%-owned subsidiary of Best Earnest, excluding changes in fair value of assets through profit or loss and government subsidies, prepared in accordance with the PRC generally accepted accounting principles for the year ended 31 December 2016 (the "Actual Profit"), shall be not less than RMB28.0 million (the "Profit Guarantee").

Pursuant to the certificate dated 22 February 2017 issued by 深圳大公會計師事務所 (for identification purpose, Shenzhen Dagong Certified Public Accountants), an auditor jointly engaged by the Group and the Vendor, the 2016 Actual Profit amounted to approximately RMB29.1 million. Accordingly, the Profit Guarantee has been fulfilled and the Cash Consideration and the Promissory Note were released to the Vendor in accordance with the terms of the Acquisition Agreement. Further details of the Acquisition have been disclosed in the Company's announcements dated 27 October 2016, 22 February 2017 and circular dated 21 December 2016.

On 1 August 2017, the Company entered into a sale and purchase agreement to dispose the entire issued share capital of Alpha Chance Limited ("Alpha Chance") and all debts, liabilities or obligations owed or incurred by Alpha Chance to the Company on or at any time prior to completion date of the disposal, whether actual or contingent and irrespective of whether the same is due and payable on completion of the disposal at an aggregate cash consideration of HK$40.0 million. Alpha Chance and its subsidiaries were principally engaged in the manufacturing and sale of proprietary Chinese medicines and health products in the PRC. The disposal was completed on 15 August 2017. Further details of the above transaction were disclosed in the Company's announcement and circular dated 1 August 2017 and 22 August 2017 respectively.

Gearing

The Group monitors capital using a gearing ratio, which is total debts (sum of carrying amounts of bonds payable, bank borrowings, other loans payables, promissory note payable and finance lease payables) divided by total equity. As compared to that of 2016, the gearing ratio as at 31 December 2017 was decreased to 0.4 (2016: 0.7), mainly due to the set-off of promissory note by the enlarged share capital for the year under review.

Pledge of Assets

The Group's banking facilities were secured by a building of the Group carried at cost with aggregated carrying amounts of approximately HK$35.7 million (2016: secured by buildings of the Group carried at cost and payments for leasehold land held for own use under operating leases with aggregated carrying amount approximately HK$83.7 million). The bonds of the principal amount of HK$100.0 million are secured by the equity interest of certain subsidiaries.

Exchange Rate Exposure

As at 31 December 2017, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore was primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. Revenue and purchases in our manufacturing and sales of proprietary Chinese medicines and health products in the PRC are denominated in Renminbi. For foreign currency purchases, hedging arrangements to hedge against foreign exchange fluctuations may be entered. However, no hedging arrangement was undertaken for revenue generated from our Singapore and PRC operations.

Treasury Policies

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

Contingent Liabilities

As at 31 December 2017, the Group and the Company did not have any significant contingent liabilities (2016: nil).

Commitments

As at 31 December 2017, the Group had total capital commitments of approximately HK$0.8 million related to the acquisitions of property, plant and equipment (2016: approximately HK$7.8 million).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2017, the Group had a total of 121 (2016: 306) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities.

FUTURE PROSPECTS

Regarding the Group's business in cultivation, research, processing and sale of exocarpium citri grandis, a Chinese herbal medicine, and its seedlings in Huazhou City, the PRC, the Group will continue to allocate its resources in strengthening the overall management, marketing and distribution network for business development in Guangdong Dahe, as well as exercise its best efforts in expanding its exocarpium citri grandis cultivation business. The Group will perform researches on optimising the productivity of its bearer plants and the quality of the produces by, including but not limited to, the implementation of modern technology and the use of different fertilisers which are appropriate to our plantation woodlands. The Group will also perform various market and technology researches in the development of new products using exocarpium citri grandis, as well as applying authentication certificates for its products, etc.

Moreover, in light of the promotion of exocarpium citri grandis as a local featured product by the local government of Huazhou City, and with the edge of Guangdong Dahe, in respect of its resources and experience in its cultivation business, the Group will continue to seek cooperation actively with the local government in expanding its cultivation and processing business, as well as contribute to the development of the market of exocarpium citri grandis in future. In December 2017, Guangdong Dahe was awarded as “Leading Enterprise” by the Guangdong Forestry Bureau of the PRC.

Regarding the Group’s construction equipment business, despite the demand of the construction sector in Singapore signals a positive outlook based on the forecast by the Building and Construction Authority, our business performance, in particular, the recurring tower crane rental business is expected to be affected by the excess supply of tower cranes in the Singapore market which has continued to drag down the average monthly rental rate and hence the overall recurring rental income of our Singapore operation. The low-ball tendering approach adopted by certain competitors with excessive idle tower cranes since mid-2017 has also led to intense price competition. Based on the current market and competitor information available to us, there does not appear to have any indication of changes in the competitors’ low-ball tendering approach and the excess supply of rental tower cranes in the market, and the Group expects the Singapore market will continue to be very challenging in the short and medium run.

Moreover, the use of Prefabricated Prefinished Volumetric Construction (PPVC) methodology is mandatory for selected non-landed residential Government Land Sale sites in Singapore from 1 November 2014 onwards pursuant to the Code of Practice on Buildability 2017 which requires the use of tower cranes with higher lifting capacity than our existing fleet. In light of the trend of using PPVC methodology, it is necessary to expand our fleet with tower cranes with higher lifting capacity in order for the Group to remain competitive in the Singapore market, the investment in which may require substantial capital expenditure.

On the other hand, the market demand for construction equipment in Hong Kong as well as the rental rate appears to be stable according to the Construction Industry Council research and its interim forecast. However, it is observed that the developers and construction companies in Hong Kong are adopting more stringent technical requirements on the safety use of tower cranes, including the stricter compliance of Code of Practice on Wind Effects in Hong Kong, and a more demanding compliance on the weathervaning position of luffing jib cranes. We expect that more stringent technical requirements may lead to additional capital expenditure to retrofit or to equip our existing cranes with the necessary technical specifications and parts.

Notwithstanding the sale of used tower cranes is expected to be challenging due to the downward market demand, we will continue to review our tower crane fleet and dispose of certain aged tower cranes or tower cranes with smaller lifting capacity as part of our rental fleet streamlining strategy. We will also look into the capital expenditure and asset risk involved as well as potential return for investing in tower cranes with higher lifting cranes and upgrade our crane fleet to meet the latest industry trend and requirements in Singapore and Hong Kong to enhance our competitiveness.

Furthermore, the Group will also continue to monitor and review its existing businesses and proactively formulate appropriate strategy to gear up in exploring new business opportunities in the market, as to expand our business scope which aim to contribute a satisfying returns to the Shareholders of the Company (the "Shareholders") in the long run.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On 14 December 2017, a subsidiary of the Group entered into a unsecured loan facility letter with an independent third party in relation to the provision of loan facility of HK$35,000,000 bearing interest at the rate of one-month Hong Kong Interbank Offered Rate plus 4.5% per annum. On 26 January 2018, HK$15,000,000 was drawn down by a subsidiary of the Group.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the applicable code provisions of the CG Code throughout the year ended 31 December 2017.

Full details on the Company's corporate governance practices are set out in the Company's 2017 Annual Report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors during the Year. Having made specific enquiries, all Directors confirmed that they had complied with the required dealing standards set out in the Model Code throughout the year ended 31 December 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 25 June 2010 with written terms of reference. In order to comply with the relevant code provisions of the CG Code, the written terms of reference had been revised on 27 March 2012 and were further revised on 31 December 2015 and 22 March 2017. Currently, the members of the Audit Committee comprises three independent non-executive Directors, namely Mr. Wan Tze Fan Terence (chairman of the Audit Committee), Mr. Tsui Robert Che Kwong and Ms. Yang Yan Tung Doris.

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

The Audit Committee has reviewed with the management of the Company and the independent auditor the annual results of the Group for the year ended 31 December 2017 including the accounting principles and practices adopted by the Group and discussed the auditing, risk management and internal control and financial reporting matters.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of this announcement of the Group's result for the year ended 31 December 2017 have been agreed by the Group's independent auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO Limited on this announcement.

2018 ANNUAL GENERAL MEETING

The 2018 annual general meeting of the Company (the "2018 Annual General Meeting") will be held on Monday, 7 May 2018. The Notice of the 2018 Annual General Meeting will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 2 May 2018 to Monday, 7 May 2018, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2018 Annual General Meeting, non-registered Shareholders must lodge all completed transfer documents, accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Monday, 30 April 2018.

PUBLICATION OF INFORMATION ON DESIGNATED WEBSITES

The results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.elasialtd.com). The annual report of the Company for the year ended 31 December 2017 will be dispatched to the Shareholders and published on the same websites in due course.

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

Hong Kong, 16 March 2018

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