



# Earthasia International Holdings Limited 泛亞環境國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 6128

## GLOBAL OFFERING

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



---

## IMPORTANT

---

*If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.*



# Earthasia International Holdings Limited 泛亞環境國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

## GLOBAL OFFERING

Number of Offer Shares	:	100,000,000 Shares (subject to the Over-allotment Option)
Number of International Placing Shares	:	90,000,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Public Offer Shares	:	10,000,000 Shares (subject to adjustment)
Offer Price	:	Not more than HK\$1.20 per Offer Share (payable in full on application in Hong Kong dollars and subject to refund) plus brokerage fee of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%
Nominal value	:	HK\$0.01 each
Stock code	:	6128

**Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager**



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

**Please refer to the section headed "Risk factors" for a discussion of certain risks that you should consider in connection with an investment in the Offer Shares.**

The Offer Price is expected to be fixed by agreement among the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 17 June 2014 and, in any event, not later than Monday, 23 June 2014. The Offer Price will be not more than HK\$1.20 per Offer Share and is currently expected to be not less than HK\$1.00 per Offer Share unless otherwise announced.

**The Sole Global Coordinator (on behalf of the Underwriters) may with the consent of our Company reduce the number of Offer Shares being offered under the Global Offering and/or indicative Offer Price range below that stated in this prospectus (which is HK\$1.00 to HK\$1.20 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and Hong Kong Economic Journal (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Public Offer. If applications for Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the number of Offer Shares and/or the Offer Price range is so reduced such applications cannot be subsequently withdrawn.**

If, for any reason, the Offer Price is not agreed among our Company and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares are subject to termination by the Sole Global Coordinator (on behalf of the Public Offer Underwriters) if certain circumstances arise prior to 8:00 a.m. on the Listing Date. Such circumstances are set out in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination" in this prospectus. It is important that you carefully read that section for further details.

---

## EXPECTED TIMETABLE<sup>(1)</sup>

---

*If there is any change in the following expected timetable, our Company will issue a separate announcement.*

- Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**<sup>(2)</sup> . . . . . 11:30 a.m. on Tuesday, 17 June 2014
- Application lists open<sup>(3)</sup> . . . . . 11:45 a.m. on Tuesday, 17 June 2014
- Latest time to lodge **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on Tuesday, 17 June 2014
- Latest time to complete payment for **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Tuesday, 17 June 2014
- Application lists close<sup>(3)</sup> . . . . . 12:00 noon on Tuesday, 17 June 2014
- Expected Price Determination Date<sup>(5)</sup> . . . . . Tuesday, 17 June 2014
- Announcement of the final Offer Price, the indication of level of interest in the International Placing, the results of allocations in the Public Offer and the basis of allotment of the Public Offer Shares to be published (a) in The Standard (in English) and Hong Kong Economic Journal (in Chinese); (b) on the website of our Company at **www.ea-dg.com**; and (c) on the website of the Stock Exchange at **www.hkexnews.hk** on or before . . . . . Tuesday, 24 June 2014
- Results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available under a variety of channels as described in the section headed "How to apply for Public Offer Shares – Publication of results" in this prospectus including the website of our Company at **www.ea-dg.com** and the website of the Stock Exchange at **www.hkex.com.hk** from . . . . . Tuesday, 24 June 2014
- Results of allocations in the Public Offer to be available at the designated results of allocation website at **www.tricor.com.hk/ipo/result**, with a "search by ID" function . . . . . Tuesday, 24 June 2014

---

## EXPECTED TIMETABLE<sup>(1)</sup>

---

Despatch/collection of Share certificates of the Offer Shares or deposit of Share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before<sup>(6)</sup> . . . . . Tuesday, 24 June 2014

Despatch of e-Auto Refund payment instructions and refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer on or before<sup>(7)</sup> . . . . . Tuesday, 24 June 2014

Dealing in the Shares on the Stock Exchange expected to commence . . . . . 9:00 a.m. on Wednesday, 25 June 2014

*Notes:*

1. All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure and conditions of the Global Offering” in this prospectus.
2. You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Tuesday, 17 June 2014, the application lists will not open and close on that day. Further information is set out in the section headed “How to apply for Public Offer Shares – Effect of bad weather on the opening of the application lists” in this prospectus.
4. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed “How to apply for Public Offer Shares – Applying by giving **electronic application instructions** to HKSCC via CCASS” in this prospectus.
5. The Price Determination Date is expected to be on or about Tuesday, 17 June 2014, and in any event not later than Monday, 23 June 2014. If, for any reason, the Offer Price is not agreed by our Company and the Sole Global Coordinator (on behalf of the Underwriters), on Monday, 23 June 2014, the Global Offering will not proceed and will lapse.
6. Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques and (where applicable) share certificates in person from the Hong Kong Share Registrar may collect refund cheques and (where applicable) share certificates in person from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 24 June 2014. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Share Registrar must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Shares are the same as those for applicants who apply on **WHITE** Application Forms.

---

## EXPECTED TIMETABLE<sup>(1)</sup>

---

Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to apply for Public Offer Shares” in this prospectus for details.

If an applicant has applied for less than 1,000,000 Public Offer Shares or has applied for 1,000,000 Public Offer Shares or more but has not indicated in the Application Form that he/she/it wishes to collect share certificate (if applicable) and/or refund cheque, the share certificate (if applicable) and/or refund cheque will be despatched by ordinary post (at the applicant’s own risk) to the address specified on the Application Form.

Uncollected share certificates and refund cheques will be despatched by ordinary post (at the applicants’ own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed “How to apply for Public Offer Shares – Despatch/collection of Share certificates and refund monies” in this prospectus.

7. e-Auto Refund payment instructions and refund cheques will be made/issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the initial Offer Price per Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque, if any.

**Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Global Offering has become unconditional; and (ii) the Underwriters’ right of termination as described in the section headed “Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination” in this prospectus has not been exercised and has lapsed.**

---

## TABLE OF CONTENTS

---

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, any of their respective directors, employees, agents or professional advisors or any other person or party involved in the Global Offering.*

	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	i
<b>TABLE OF CONTENTS</b> .....	iv
<b>SUMMARY</b> .....	1
<b>DEFINITIONS</b> .....	14
<b>GLOSSARY OF TECHNICAL TERMS</b> .....	25
<b>RISK FACTORS</b> .....	28
<b>FORWARD-LOOKING STATEMENTS</b> .....	49
<b>INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING</b> .....	50
<b>DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING</b> .....	54
<b>CORPORATE INFORMATION</b> .....	58
<b>INDUSTRY OVERVIEW</b> .....	61
<b>REGULATORY OVERVIEW</b> .....	75
<b>HISTORY AND CORPORATE STRUCTURE</b> .....	92
<b>BUSINESS</b> .....	107
<b>RELATIONSHIP WITH PUBANG GROUP</b> .....	157
<b>RELATIONSHIPS WITH THE CONTROLLING SHAREHOLDERS</b> .....	165

---

## TABLE OF CONTENTS

---

	<i>Page</i>
<b>CONNECTED TRANSACTIONS</b> . . . . .	169
<b>DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</b> . . . . .	171
<b>SUBSTANTIAL SHAREHOLDERS</b> . . . . .	184
<b>SHARE CAPITAL</b> . . . . .	185
<b>FINANCIAL INFORMATION</b> . . . . .	188
<b>FUTURE PLANS AND USE OF PROCEEDS</b> . . . . .	244
<b>UNDERWRITING</b> . . . . .	246
<b>STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING</b> . . . . .	256
<b>HOW TO APPLY FOR PUBLIC OFFER SHARES</b> . . . . .	265
<b>APPENDIX I – ACCOUNTANTS’ REPORT</b> . . . . .	I-1
<b>APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION</b> . . . . .	II-1
<b>APPENDIX III – SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW</b> . . . . .	III-1
<b>APPENDIX IV – STATUTORY AND GENERAL INFORMATION</b> . . . . .	IV-1
<b>APPENDIX V – DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR PUBLIC INSPECTION IN HONG KONG</b> . . . . .	V-1

---

## SUMMARY

---

*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information which may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus including the appendices hereto, which constitute an integrated part of this prospectus, before you decide to invest in the Offer Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are summarised in the section headed "Risk factors" in this prospectus. You should read such section carefully before you decide to invest in the Offer Shares.*

*Various expressions used in this summary are defined in the section headed "Definitions" and "Glossary of technical terms" in this prospectus.*

### OVERVIEW

We are a landscape architecture service provider predominantly in the PRC and Hong Kong. We offer a wide range of landscape architecture services covering principally landscape assessment, planning, design and other related advisory services to more than 600 clients during the Track Record Period and up to the Latest Practicable Date. A typical landscape architecture project would involve concept design, schematic design, design development, construction documentation, and construction inspection and review. We undertake different types of landscape architecture projects which can be categorised into (i) tourism and hotels projects; (ii) infrastructure and public open spaces projects; (iii) commercial and mixed-use development projects; and (iv) residential development projects.

Our operating history originated from the operating subsidiary, Earthasia (Hong Kong), which was incorporated in Hong Kong in 1981 and acquired by our Group in August 2012 as a step of the Reorganisation. In 2004, our Group has further expanded through the establishment of our subsidiary in Shanghai, Earthasia (Shanghai). As at the Latest Practicable Date, we have established an extensive network with offices covering Beijing, Chengdu, Guangzhou, Shanghai, Shenzhen, Wuhan, Xiamen, Xi'an, Hong Kong and the Philippines. We have also set up a liaison office in Changsha as contact point. To draw on the expertise of staff with lower operational costs, we have set up one office in the Philippines as our back-office providing support on design and drawing production services to our major operating subsidiaries in the PRC and Hong Kong. Our multi-city business model has enabled us to successfully establish a substantial presence in the PRC and undertake landscape architecture projects across substantially all regions in the country.

Our growth is mainly supported by (i) the continual investment in residential properties and commercial properties by property developers and governments; (ii) governmental development plans for public infrastructure; and (iii) the promulgation of regulations and policies on urban greening by governments, all of which are driving the development of the landscape architecture service industry and the continual demand for landscape architecture services in the PRC and Hong Kong. We recorded approximately HK\$179.2 million, HK\$172.4 million and HK\$217.0 million of revenue for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The landscape architecture service



## SUMMARY

industry in the PRC is segmented and fragmented, in which we recognised approximately HK\$198.2 million of revenue for the year ended 31 December 2013 from our PRC projects, accounting for 0.6% of the total revenue in the PRC landscape architecture service industry.

For each of the three years ended 31 December 2011, 2012 and 2013, we had undertaken 537, 629 and 656 projects, respectively, among which 159, 126 and 172 projects were new projects undertaken by our Group. The tables below set forth our revenue by geographical locations and by types of projects undertaken (completed or yet to be completed) during the Track Record Period:

	For the year ended 31 December								
	2011			2012			2013		
	Number of projects undertaken <i>(Note 1)</i>	HK\$'000	%	Number of projects undertaken <i>(Note 1)</i>	HK\$'000	%	Number of projects undertaken <i>(Note 1)</i>	HK\$'000	%
PRC	537	179,232	100.0	570	165,696	96.1	580	198,155	91.3
Hong Kong	-	-	-	56	4,910	2.9	73	15,562	7.2
Others <sup>(Note 2)</sup>	-	-	-	3	1,799	1.0	3	3,331	1.5
<b>Total:</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

*Notes:*

1. The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 813, 83 and 5 projects undertaken by us in respect of each location of projects in the PRC, Hong Kong and others, respectively, constituting 901 projects in total.
2. During the Track Record Period, other than the PRC and Hong Kong, we had undertaken landscape architecture projects located in Macau and the Philippines only.

	For the year ended 31 December								
	2011			2012			2013		
	Number of projects undertaken <i>(Note)</i>	HK\$'000	%	Number of projects undertaken <i>(Note)</i>	HK\$'000	%	Number of projects undertaken <i>(Note)</i>	HK\$'000	%
Residential development projects	305	101,926	56.9	321	84,485	49.0	338	108,786	50.1
Commercial and mixed-use development projects	115	36,965	20.6	155	44,136	25.6	163	56,540	26.1
Infrastructure and public open spaces projects	81	30,006	16.7	111	28,119	16.3	109	29,340	13.5
Tourism and hotels projects	36	10,335	5.8	42	15,665	9.1	46	22,382	10.3
<b>Total:</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

---

## SUMMARY

---

*Note:* The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 456, 206, 175 and 64 projects undertaken by us in respect of each type of projects, namely, (i) residential development projects, (ii) commercial and mixed-use development projects, (iii) infrastructure and public open spaces projects, and (iv) tourism and hotels projects, respectively, constituting 901 projects in total.

### OUR PRINCIPAL BUSINESS

We provide a comprehensive range of landscape architecture services comprising:

- **concept design** – we are expected to deliver conceptual layout plans and other design drawing documents containing information on the type of development, major parameters of the project, timeline of the project and survey plan at this stage;
- **schematic design** – we are expected to produce detailed layout plans and other design drawing documents further conveying the basic landscape design elements and concepts with further analysis into the construction costs, architecture, structure specifications at this stage;
- **design development** – we are expected to produce comprehensive layout plans and other design drawing documents for the purpose of construction. Project specifications and design standards may be revised to take into account the opinions of our clients and other consultants;
- **construction documentation** – we are expected to deliver comprehensive layout plans for the purpose of construction documentation. The construction documentation to be used by construction contractors will be submitted by us or through our clients or its consultants to the construction bureau or other competent government authorities for approval when the project takes place in the PRC; and
- **construction inspection and review** – we may assist our clients in conducting inspections and review of the relevant landscape construction works carried out by the construction contractors in order to monitor work progress and work quality.

Pursuant to the Administrative Regulations on Construction Engineering Reconnaissance and Design Qualification (建設工程勘察設計資質管理規定) and the Administrative Rules on Construction Engineering Reconnaissance and Design (建設工程勘察設計管理條例), we would require a design qualification for construction engineering design documents to be endorsed and submitted to relevant bureaus as official submission in the PRC. We obtained the Category B Qualification from the Shanghai Urban Construction and Communication Commission on 21 March 2012. For details, please refer to the section headed “Industry overview – Landscape architecture services in the PRC” on page 64 to page 71, the section headed “Regulatory overview – The PRC – Major laws and regulations on construction engineering design” on page 75 to page 77, and the section headed “Business – Our principal business” on page 120 to page 123, in this prospectus.

---

## SUMMARY

---

### COMPETITIVE STRENGTHS

We believe our success is attributed to, among other things, the following major competitive strengths:

- project team with professional and international qualifications and experience: our project team possesses professional qualifications in the PRC, Hong Kong and overseas institutions together with solid work experience.
- strong brand recognition: our operating subsidiary in Hong Kong was incorporated in 1981 and the PRC operating subsidiary was first established in 2004.
- experienced management team: our Directors have extensive work experience in the landscape architecture service industry.
- effective and comprehensive staff management: we organise monthly staff meetings and seminars and continue to offer effective trainings.
- Capability to adapt to the market: we are capable to undertake projects in wide range of contract sum and project type.
- strong and solid client base in the PRC and Hong Kong: we generated substantial portion of revenue through recurring clients mostly with business relationships of one year to five years.
- possession of qualifications and capabilities to undertake government landscape architecture projects: we obtained the Category B Qualification that enables us to endorse relevant documents for official submission.

For further details, please refer to the section headed “Business – Competitive strengths” on page 113 to page 117 in this prospectus.

### BUSINESS STRATEGIES

Leveraging on our extensive network, we intend to further consolidate our market position and presence in the PRC and Hong Kong in the near future. We intend to achieve these goals by pursuing the following major business strategies:

- we intend to maintain and enhance our professional expertise through continuous efforts to retain and recruit staff with professional qualifications.
- we intend to expand the coverage of our business in the PRC and Hong Kong through new branches and regional offices.
- we intend to expand our scope of services towards specialised designs and other services such as arboriculture services.

## SUMMARY

- we intend to continue to further enhance our brand name recognition.
- we intend to continue to emphasise and maintain the quality of landscape architecture services.

For further details, please refer to the section headed “Business – Business strategies” on page 117 to page 120 in this prospectus.

### CLIENTS

During the Track Record Period, our client base ranged from governments, public bodies, private property developers, state-owned property developers, construction companies, town planning companies, architecture companies and engineering companies mainly in the PRC and Hong Kong. During the Track Record Period, approximately 90.0% of projects in terms of number of projects are awarded to us through client referral and recurring of previous clients. During the Track Record Period and up to the Latest Practicable Date, approximately 10.0% of our landscape architecture projects in terms of number of projects are awarded to us through tendering.

The table below sets forth our revenue by types of client engaging us during the Track Record Period:

	Total number of clients attributable to our revenue <i>(Note 1)</i>	Number of projects undertaken <i>(Note 2)</i>	For the year ended 31 December							
			2011		2012		2013			
			<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Governments and public bodies <i>(Note 3)</i>	60	48	19,260	10.7	52	17,856	10.4	45	13,530	6.2
Property developers <i>(Note 4)</i>	515	479	158,180	88.3	537	150,365	87.2	565	191,034	88.0
Others <i>(Note 5)</i>	48	10	1,792	1.0	40	4,184	2.4	46	12,484	5.8
<b>Total:</b>	<b>623</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

#### Notes:

1. The clients above are categorised by groups and a client may include its subsidiaries and holding companies.
2. The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 81, 757 and 63 projects undertaken by us in respect of each type of clients, namely, (i) governments and public bodies, (ii) property developers, and (iii) others, respectively, constituting 901 projects in total.
3. Governments and public bodies include, without limitation, the local authorities and governmental institutional bodies.
4. Property developers include (i) private and state-owned property developers in the PRC; and (ii) private property developers in Hong Kong.

---

## SUMMARY

---

5. During the Track Record Period, we were also engaged by private and public construction companies, town planning companies, architecture companies, and engineering companies, etc. to provide landscape architecture services.

For details, please refer to the section headed “Business – Clients” on page 132 to page 133 in this prospectus.

### SUPPLIERS

During the Track Record Period, our suppliers would include sub-consultants, travel agents and printing service providers. In the provision of landscape architecture services, we may engage different types of suppliers depending on services we require. In particular, we engage sub-consultants with professional qualifications to provide certain parts of services.

In general, various consultants would be engaged to complete a development project. We may be engaged as a consultant by the developer under certain stage of work and we may engage sub-consultants having relevant qualifications to provide specific services. Accordingly, a sub-consultant engaged by us in a project may also be our client in a different project.

For details, please refer to the section headed “Business – Suppliers” on page 133 to page 134, and the section headed “Business – Relationship with sub-consultants” on page 134 in this prospectus.

### SHAREHOLDERS’ INFORMATION

Upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and taking no account of Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme), (i) Mr. Chan through CY Y and Mr. Lau through LSBJ, each holding approximately 33.0% and approximately 16.5% of the issued share capital of our Company, respectively, being our Controlling Shareholders, will together be beneficially interested in approximately 49.5% of the issued share capital of our Company; and (ii) Pubang will be beneficially interested in approximately 25.5% of the issued share capital of our Company.

For details, please refer to the section headed “Relationships with the Controlling Shareholders – Independence from Controlling Shareholders” on page 165 to page 166 in this prospectus and “Relationship with Pubang Group” on page 157 to page 164 in this prospectus.

### Pre-IPO Investor

Pursuant to the Pre-IPO Investment Agreement and the Pre-IPO Subscription Agreement both dated 9 December 2013, PBLA acquired 3,100 Shares from Mr. Lau, LSBJ, Mr. Chan and CY Y and subscribed for 454 new Shares from our Company at consideration of HK\$91,850,000 and HK\$15,000,000 respectively, representing an aggregate of approximately 34.0% of the issued share capital of our Company as enlarged by the issue of the said 454 new Shares. The aforesaid acquisition and subscription of Shares were legally completed on 16 January 2014. Pubang (Hong Kong) has been granted, among other things, the Cashflow Guarantee, the Key Management Guarantee, the first right to refusal, the right of nomination and

---

## SUMMARY

---

information rights. According to the Pre-IPO Investment Agreement, Pubang (Hong Kong) has been granted certain rights which shall be terminated upon Listing, except the rights relating to the Cashflow Guarantee, the Key Management Guarantee and IP Rights Guarantee.

For details, please refer to the section headed “Relationship with Pubang Group” on page 157 to page 164 in this prospectus.

### KEY OPERATIONAL AND FINANCIAL DATA

Our revenue decreased by approximately 3.8% for the year ended 31 December 2012 as compared to the preceding year and then increased by approximately 25.9% for the year ended 31 December 2013.

Our Group maintained the gross profit margin in the range of approximately 48.9% to approximately 54.9% throughout the Track Record Period.

The following table sets forth our summary consolidated statements of profit or loss and other comprehensive income, gross profit margin and net profit margin for the years indicated, and should be read in conjunction with the financial information included in the Accountants’ Report set out in Appendix I to this prospectus.

	Year ended 31 December		
	2011	2012	2013
Revenue (HK\$’000)	179,232	172,405	217,048
Gross profit (HK\$’000)	98,251	84,369	119,258
Gross profit margin	54.8%	48.9%	54.9%
Profit for the year (HK\$’000)	34,319	25,944	37,768
Net profit margin	19.1%	15.0%	17.4%

Our profit first witnessed a decrease of approximately 24.4% for the year ended 31 December 2012 as compared to the preceding year and increase of approximately 45.6% for the year ended 31 December 2013. As a result of the acquisition of Earthasia (Hong Kong) in August 2012, we recorded a bargain purchase gain of approximately HK\$7.9 million, the amount of which was recognised in our profit and loss according to the accounting principle under IFRS3. Such bargain purchase gain arose because (i) Earthasia (Hong Kong) achieved a profit of approximately HK\$5.0 million during the period from 1 January 2012, being the date the acquisition consideration paid by Earthasia (Shanghai) was made reference to, to 28 August 2012, being the date MOFCOM approved the transaction and the acquisition date for reorganisation purpose; and (ii) difference in the basis of valuation between the first valuation, when the valuer made reference to the audited net asset value of Earthasia (Hong Kong) under the local PRC accounting principles (which was requested by MOFCOM) as at 31 December 2011, and the second valuation, when the valuer made reference to the audited net asset value of Earthasia (Hong Kong) under IFRS (for financial reporting purpose) as at 31 August 2012. Since the acquisition of Earthasia (Hong Kong), a net loss of approximately HK\$0.04 million was contributed to our Group for the four months starting from 1 September 2012 to 31 December 2012 and a net profit of approximately HK\$1.6 million was contributed to our Group for the year ended 31 December 2013.

---

## SUMMARY

---

The following table sets forth our summary consolidated statements of financial position as of the dates indicated:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total non-current assets	<u>10,077</u>	<u>11,049</u>	<u>12,827</u>
Total current assets	<u>121,018</u>	<u>123,575</u>	<u>189,861</u>
Total current liabilities	<u>78,742</u>	<u>70,802</u>	<u>113,004</u>
Total non-current liabilities	<u>2,443</u>	<u>2,392</u>	<u>3,778</u>
Net assets	<u><b>49,910</b></u>	<u><b>61,430</b></u>	<u><b>85,906</b></u>

Our trade receivables increased by approximately HK\$4.3 million or 22.4% from approximately HK\$19.5 million as at 31 December 2011 to approximately HK\$23.8 million as at 31 December 2012. Such increase was primarily contributed by delay in payment from more clients mainly due to the dampened business environment in 2012. Although there was no change in our Group's credit policy during the Track Record Period, the trade receivables further increased to approximately HK\$48.1 million as at 31 December 2013, by approximately HK\$24.3 million or 101.9% as compared with that of 31 December 2012. Such increase was due to (i) increase in revenue of approximately 25.9% for the year ended 31 December 2013 as compared to the preceding year, which was attributable to the improved market condition in 2013 and the support of a government greening policy implemented in late 2012; and (ii) projects with larger amounts of approximately HK\$11.2 million billed close to end of the year.

For a detailed breakdown of our revenue and cost of sales, please refer to the section headed "Financial information – Results of operations" on page 193 to page 206 in this prospectus.

### Operating cash flow

The following table sets forth the selected consolidated statements of cash flows for the years indicated:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows generated from operating activities	51,034	774	39,950

---

## SUMMARY

---

### Summary of financial ratios

The following table sets forth some key financial ratios of our Group for the years indicated:

	Year ended 31 December		
	2011	2012	2013
<b>Profitability ratio</b>			
Return on assets (%)	26.2	19.3	18.7
Return on equity (%)	68.8	42.2	44.2
<b>Liquidity ratio</b>			
Current ratio	1.5	1.7	1.7
<b>Capital adequacy ratio</b>			
Gearing ratio (%)	1.6	1.1	0.6

For further details, please refer to the section headed “Financial information” on page 188 to page 243 in this prospectus.

### DIVIDEND AND DIVIDEND POLICY

During each of the three years ended 31 December 2011, 2012 and 2013, interim dividend of approximately HK\$32.3 million, HK\$14.4 million and HK\$15.1 million, respectively, were declared and paid by Earthasia (International) to our then shareholders. On 14 January 2014, we declared a dividend of HK\$35.0 million to our then Shareholders which will be paid from our internal resources and expected to be paid out prior to the Listing. The Board has absolute discretion in deciding whether to declare any dividend for any year, and if it decides to declare a dividend, how much is to be declared. Our Directors, having considered that using our internal resources to fund the dividend declared would not materially adversely affect our Group’s operating cash flow, are of the view that the dividend declared is fair and reasonable and in the best interest of our Company and our Shareholders as a whole.

### LATEST DEVELOPMENT

Our business model, revenue and cost structure has remained unchanged since 31 December 2013.

Since 31 December 2013 and up to the Latest Practicable Date, we entered into 82 contracts with a total contract sum of approximately HK\$107.3 million for projects located in the PRC and seven contracts with a total contract sum of approximately HK\$5.6 million for contracts located in Hong Kong and Macau. Consistent with the Track Record Period, approximately 95.0% of the contract sum represented projects located in the PRC and approximately 5.0% represented projects located in Hong Kong and Macau. Our



---

## SUMMARY

---

Directors, upon review of the unaudited management figures in terms of revenue, gross profit and gross profit margin for the four months ended 30 April 2014, confirm that there was slight growth recorded as compared to those of the corresponding period in the preceding year.

Since 31 December 2013 and up to the Latest Practicable Date, save as disclosed in the paragraph headed “Listing expenses” in this section, we did not have any significant non-recurrent items in our consolidated statements of profit or loss and other comprehensive income.

On 2 January 2014, the assignment and transfer of 4,998 shares and 4,997 shares of Earthasia (Manila) from Mr. Chan and Mr. Lau to Earthasia (International), respectively at par were legally completed. As a result of such assignment and transfer, Earthasia (International) beneficially owns 99.95% of the total issued and outstanding share of Earthasia (Manila) and accordingly, Earthasia (Manila) became an indirect non-wholly owned subsidiary of our Company.

Earthasia (Manila) is engaged in providing support on design and drawing production services to our major operating subsidiaries in the PRC and Hong Kong.

As the acquisition was not completed as at 31 December 2013 and Earthasia (Manila) was not considered under the control of our Group during the Track Record Period, the results and the assets and liabilities of Earthasia (Manila) were not included in the financial information of our Group as at 31 December 2013. For details, please refer to note 33 of the Accountants’ Report included as Appendix I to this prospectus.

### NON-COMPLIANCES

During the Track Record Period, we (i) did not fully comply with the PRC laws and regulations in respect of social insurance contributions, (ii) breached certain sections of the Companies Ordinance; and (iii) in relation to our operations in the Philippines, we breached certain sections of the Philippine Corporation Code and the Philippine Tax Code. Please refer to the section headed “Business – Legal proceedings and compliance” on page 144 to page 152 in this prospectus for details of these non-compliance incidents.

### LISTING EXPENSES

The estimated expenses in relation to the Global Offering are approximately HK\$24.9 million, of which approximately HK\$9.5 million is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering in the year 2014. The remaining estimated listing expenses of approximately HK\$15.4 million, which cannot be so deducted, was or will be charged to profit or loss, of which approximately HK\$3.7 million was charged for the year ended 31 December 2013; whereas approximately HK\$11.7 million is expected to be incurred before or upon completion of the Global Offering and to be recognised in the first half of 2014. This calculation is based on the mid-point of our indicative Offer Price range of HK\$1.00 to HK\$1.20 per Offer Share and the assumption that 100,000,000 Shares expected to be issued under the Global Offering and 400,000,000 Shares are issued and outstanding immediately following the Global Offering (assuming the Over-allotment Option is not exercised) and is subject to adjustment based on the actual amount incurred or to be incurred. Potential investors should note that the financial performance of our Group for the six-month period ending

---

## SUMMARY

---

30 June 2014, and therefore for the year ending 31 December 2014 would be significantly affected by the aforementioned listing expenses, and may or may not be comparable to the financial performance of our Group in the past.

### NO MATERIAL ADVERSE CHANGE

Save as disclosed in the paragraph headed “Listing expenses” in this section, our Directors have confirmed that after performing all the due diligence work which our Directors consider appropriate, there has been no material adverse change in our financial or trading position or prospects since 31 December 2013 and there has been no event since 31 December 2013 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report as set forth in Appendix I to this prospectus.

### OFFERING STATISTICS *(Note 1)*

Number of Offer Shares	:	100,000,000 Shares (subject to the Over-allotment Option)
Over-allotment Option	:	Up to an aggregate of 15,000,000 additional Offer Shares, representing 15% of the initial number of the Offer Shares
Offering structure	:	Public Offer: 10,000,000 Shares, representing 10% of the Offer Shares (subject to reallocation)  International Placing: 90,000,000 Shares, representing 90% of the Offer Shares (subject to reallocation)
Offer price range	:	HK\$1.00 to HK\$1.20 per Offer Share
Board lot	:	2,000 Shares

		<b>Based on minimum indicative Offer Price of HK\$1.00</b>	<b>Based on maximum indicative Offer Price of HK\$1.20</b>
Market capitalisation of our Company	:	HK\$400,000,000	HK\$480,000,000
Unaudited pro forma adjusted consolidated net tangible assets per Share <i>(Note 2)</i>	:	HK\$0.40	HK\$0.45

---

## SUMMARY

---

Use of proceeds (assuming an Offer Price of HK\$1.10 per Offer Share (being the mid-point of the indicative Offer Price range) and the Over-allotment Option is not exercised)

We expect to receive the net proceeds of approximately HK\$88.8 million from the Global Offering,

- approximately HK\$35.5 million, representing approximately 40% of the net proceeds will be used for financing our planned capital expenditure in relation to expansion of our scope of services. We may cooperate with other landscape architecture companies but the targets have yet to be identified;
- approximately HK\$26.6 million, representing approximately 30% of the net proceeds will be used for financing our planned capital expenditure in relation to the establishment of new regional offices in the PRC;
- approximately HK\$8.9 million, representing approximately 10% of the net proceeds will be used for financing the expansion of our business coverage into other regions of the PRC through establishment of branches;
- approximately HK\$8.9 million, representing approximately 10% of the net proceeds will be used for strengthening our sales and advertising efforts; and
- the remaining balance of approximately HK\$8.9 million, representing approximately 10% of the net proceeds, will be used for additional working capital and other general corporate purposes.

Our Directors expect to apply the net proceeds with the above purposes one year upon Listing. For details, please refer to the section headed “Future plans and use of proceeds” on page 244 to page 245 in this prospectus.

*Notes:*

1. The offering statistics are based on an Offer Share of HK\$1.10 per Offer Share (being the mid-point of the indicative Offer Price range) and do not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of options granted under the Share Option Scheme.
2. For the assumptions and calculation method, please refer to the unaudited pro forma financial information set out in Appendix II to this prospectus.

---

## SUMMARY

---

### RISK FACTORS

Our business is subject to a number of risks and uncertainties. Some highlighted risks are set out below:

- we determine our service fee based on the estimated time and costs, and yet the actual costs of a project may exceed our service fee due to the unexpected circumstances we encounter throughout the course;
- our failure to meet the schedule or requirements stipulated in the contracts could lead to compensation to clients;
- we depend on our key management personnel;
- we heavily rely on a stable supply of qualified employees for our operations; and
- our scope of work is restricted by the obtaining of particular professional qualification.

As different investors may have different interpretations and standards for determining the materiality of a risk, you should read the entire section headed “Risk factors” in this prospectus carefully before you decide to invest in the Shares. You should not place any reliance on any information contained in press articles, research analysts’ reports or other media regarding us and the Global Offering, certain of which may not be consistent with the information contained in this prospectus.

---

## DEFINITIONS

---

*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.*

“Accountants’ Report”	the accountants’ report of our Company prepared by the Reporting Accountants set out in Appendix I to this prospectus
“Application Form(s)”	<b>WHITE</b> application form(s), <b>YELLOW</b> application form(s) and <b>GREEN</b> application form(s), or where the context so requires, any of them which is used in relation to the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company, adopted on 3 June 2014, and as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 299,989,546 Shares made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Further information about our Company – Written resolutions of the Shareholders” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

---

## DEFINITIONS

---

“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, consolidated or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Earthasia International Holdings Limited (泛亞環境國際控股有限公司) (formerly known as Earthasia International Holdings Limited (泛亞國際控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 25 November 2013
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	Mr. Chan, Mr. Lau, CYY and LSBJ
“CYY”	CYY Holdings Limited, a company incorporated under the laws of the BVI on 22 November 2013 with limited liability, which is wholly owned by Mr. Chan and is a Controlling Shareholder of our Company
“Deed of Indemnity”	the deed of indemnity dated 3 June 2014 and signed by our Controlling Shareholders in favour of our Company (on its own behalf and as trustee for each member of our Group), particulars of which are set out in the section headed “Other information – Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 3 June 2014 and signed by our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries), in respect of certain non-competition undertakings given by our Controlling Shareholders in favour of us, particulars of which are set out in the section headed “Relationships with the Controlling Shareholders” in this prospectus
“Director(s)” or “our Director(s)”	director(s) of our Company
“Earthasia (BVI)”	Earthasia Holdings Limited, a company incorporated under the laws of the BVI on 27 November 2013 with limited liability and a wholly-owned subsidiary of our Company

---

## DEFINITIONS

---

“Earthasia (Guangzhou)”	Earthasia (Guangzhou) Company Limited (泛亞景觀設計(廣州)有限公司), a company established under the laws of the PRC on 30 July 2013 with limited liability and a wholly-owned subsidiary of Earthasia (Hong Kong), and an indirect subsidiary of our Company
“Earthasia (Hong Kong)”	Earthasia Limited (泛亞環境有限公司), a company incorporated under the laws of Hong Kong on 27 February 1981 with limited liability and a wholly-owned subsidiary of Earthasia (Shanghai), and an indirect subsidiary of our Company
“Earthasia (International)”	Earthasia (International) Limited (泛亞環境(國際)有限公司), a company incorporated under the laws of Hong Kong on 2 June 2004 with limited liability and a wholly-owned subsidiary of Earthasia (BVI), and an indirect subsidiary of our Company
“Earthasia (Linkong)”	Earthasia Urban Planning & Design (Shanghai) Limited (泛亞城市規劃設計(上海)有限公司), a company established under the laws of the PRC on 20 November 2013 with limited liability and a wholly-owned subsidiary of Earthasia (Shanghai), and an indirect subsidiary of our Company
“Earthasia (Manila)”	EA Group International, Inc., a company incorporated under the laws of the Philippines on 16 October 2007 with limited liability and an indirect subsidiary of our Company whose issued share capital is legally owned as to 99.92% by Earthasia (International) and 0.01% by each of Mr. Lau, Mr. Chan, Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja, Ms. Rosanna Derla Dedeles, Mr. Wong Lung Wa Andrew, Ms. Wong Lei Kam Winnie and Mr. Chan Yuen King Paul; and each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles held one share of Earthasia (Manila) on trust for Earthasia (International) which results in Earthasia (Manila) being beneficially owned as to 99.95% by Earthasia (International) as at the Latest Practicable Date
“Earthasia (Shanghai)”	Earthasia (Shanghai) Company Limited (泛亞景觀設計(上海)有限公司), a company established under the laws of the PRC on 9 December 2004 with limited liability, and a wholly-owned subsidiary of Earthasia (International), and an indirect subsidiary of our Company
“Earthasia (Xiamen)”	Earthasia (Xiamen) Limited (泛亞國際環境設計(廈門)有限公司), a company established under the laws of the PRC on 5 March 2013 with limited liability whose equity interest is owned as to 75% and 25% by Earthasia (Shanghai) and Ms. Lin, respectively, and an indirect subsidiary of our Company

---

## DEFINITIONS

---

“EYT”	EYT Holdings Limited, a company incorporated under the laws of Hong Kong on 7 July 2004 with limited liability whose issued share capital is owned by Mr. Chan and Mr. Lau in equal shares
“Global Offering”	the Public Offer and the International Placing
“ <b>GREEN</b> Application Form(s)”	the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“HK\$” or “HK dollars” or cents	Hong Kong dollars and cents, the lawful currency of Hong Kong
“ <b>HK eIPO White Form</b> ”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting an application online through the designated website at <b>www.hkeipo.hk</b>
“ <b>HK eIPO White Form</b> Service Provider”	The Bank of East Asia, Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Government”	the government of Hong Kong
“Hong Kong Legal Counsel”	Ms. Ng Wing Shan Queenie, a Barrister-at-law in Hong Kong
“Hong Kong Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company
“IFRS”	International Financial Reporting Standards
“Independent Third Parties”	persons or companies which are independent of and not connected with (within the meaning of the Listing Rules) any of the directors, chief executive and substantial shareholders (within the meaning of the Listing Rules) of our Company, any of its subsidiaries or any of their respective associates, and an “ <b>Independent Third Party</b> ” means any of them



---

## DEFINITIONS

---

“Internal Control Consultant”	SHINEWING Risk Services Limited, the internal control consultant of our Company
“International Placing”	the conditional placing of the International Placing Shares, at the Offer Price with professional, institutional and other investors by the International Placing Underwriters on behalf of our Company as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“International Placing Shares”	the 90,000,000 Offer Shares initially being offered for subscription at the Offer Price under the International Placing together with, where relevant, any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, but subject to the adjustment as described in the section headed “Structure and conditions of the Global Offering” in this prospectus
“International Placing Underwriters”	the underwriters of the International Placing
“International Placing Underwriting Agreement”	the underwriting agreement in relation to the International Placing expected to be entered into by, among others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the International Placing Underwriters on or around the Price Determination Date, as further described in section headed “Underwriting – Underwriting arrangements and expenses – The International Placing” in this prospectus
“Ipsos”	Ipsos Hong Kong Limited, an independent market research company
“Ipsos Report”	a report prepared by Ipsos on the landscape architecture service industry in the PRC and Hong Kong, which was commissioned by our Company
“Latest Practicable Date”	4 June 2014, being the latest practicable date for the inclusion of information in this prospectus prior to the printing of this prospectus
“Listing”	listing of the Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings of the Shares on the Main Board first commence, which is expected to be on 25 June 2014

---

## DEFINITIONS

---

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“LSBJ”	LSBJ Holdings Limited, a company incorporated under the laws of the BVI on 22 November 2013 with limited liability, which is wholly owned by Mr. Lau and is a Controlling Shareholder of our Company
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, adopted on 3 June 2014 and as amended from time to time
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHURD”	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), formerly known as Ministry of Construction of the PRC (中華人民共和國建設部)
“Mr. Chan”	Chan Yick Yan Andross (陳奕仁), an executive Director and a Controlling Shareholder
“Mr. Lau”	Lau Hing Tat Patrick (劉興達), an executive Director and a Controlling Shareholder
“Mr. Tian”	Tian Ming (田明), an executive Director
“Ms. Lin”	Lin Ke Jie (林可婕), a shareholder holding 25% equity interest in Earthasia (Xiamen)
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of the brokerage fee of 1%, the SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%) under the Global Offering which is expected to be determined as further described in the section headed “Structure and conditions of the Global Offering – Determining the Offer Price” in this prospectus
“Offer Shares”	the Public Offer Shares and the International Placing Shares, together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option

---

## DEFINITIONS

---

“Over-allotment Option”	the option expected to be granted by our Company to the International Placing Underwriters, exercisable by Sole Global Coordinator (on behalf of the International Placing Underwriters) subject to the terms and conditions of the International Placing Underwriting Agreement pursuant to which our Company may be required to allot and issue up to an aggregate of 15,000,000 additional Offer Shares (representing 15% of the initial number of the Offer Shares) to cover over-allocations in the International Placing and/or to satisfy the obligation of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement, particulars of which are set out in the section headed “Structure and conditions of the Global Offering” in this prospectus
“PBLA”	PBLA Limited, a company incorporated under the laws of the BVI on 28 November 2013 with limited liability, which is a wholly-owned subsidiary of Pubang (Hong Kong), and a controlling shareholder of our Company prior to Listing
“Philippines”	The Republic of Philippines
“Philippine Corporation Code”	The Corporation Code of the Philippines
“Philippines Legal Advisors”	Angara Abello Concepcion Regala & Cruz, the legal advisors as to Philippines law of our Company
“Philippine Tax Code”	the National Internal Revenue Code of 1997 of the Philippines as amended, supplemented or otherwise modified from time to time
“PHP” or “Pesos”	Philippine Pesos, the lawful currency of the Philippines
“PRC” or “China”	The People’s Republic of China which, for the purpose of this prospectus, shall exclude Hong Kong, Macau and Taiwan
“PRC Government”	the central government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“PRC Legal Advisors”	King & Wood Mallesons, the legal advisors of our Company as to PRC law
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014

---

## DEFINITIONS

---

“Pre-IPO Investment”	investment by PBLA in our Group pursuant to the Pre-IPO Investment Agreement and the Pre-IPO Subscription Agreement as further described in the section headed “Relationship with Pubang Group” in this prospectus
“Pre-IPO Investment Agreement”	the sale and purchase agreement dated 9 December 2013 and entered into among Mr. Lau, LSBJ, Mr. Chan, CYY and Pubang (Hong Kong), pursuant to which LSBJ and CYY agreed to transfer 1,700 Shares and 1,400 Shares to PBLA, at the total consideration of HK\$91,850,000
“Pre-IPO Subscription Agreement”	the subscription agreement dated 9 December 2013 entered into between Pubang (Hong Kong) and our Company, pursuant to which our Company has agreed to allot and issue 454 Shares to PBLA at a consideration of HK\$15,000,000
“Price Determination Date”	the date, expected to be on or around Tuesday, 17 June 2014 but no later than Monday, 23 June 2014, on which the Offer Price is fixed for the purpose of the Global Offering
“Pubang”	Pubang Landscape Architecture Company Limited (廣州普邦園林股份有限公司), a joint stock limited company incorporated under the laws of the PRC on 19 July 1995 with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002663), and a controlling shareholder of our Company prior to Listing
“Pubang Group”	Pubang and its subsidiaries
“Pubang (Hong Kong)”	Pubang Landscape Architecture (HK) Company Limited (普邦園林(香港)有限公司), a company incorporated under the laws of Hong Kong on 19 September 2013 with limited liability, which is a wholly-owned subsidiary of Pubang, and a controlling shareholder of our Company prior to Listing
“Public Offer”	the conditional offering by our Company of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 10,000,000 Offer Shares initially being offered for subscription at the Offer Price in the Public Offer, subject to adjustment
“Public Offer Underwriters”	the underwriters of the Public Offer listed in the section headed “Underwriting” in this prospectus

---

## DEFINITIONS

---

“Public Offer Underwriting Agreement”	the underwriting agreement dated 11 June 2014 in relation to the Public Offer and entered into by our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters, as further described in the section headed “Underwriting” in this prospectus
“Reorganisation”	the reorganisation arrangements undergone by our Group in preparation for the Listing, which is more particularly described in the section headed “History and corporate structure” in this prospectus
“Regulation S”	Regulation S under the U.S. Securities Act
“Reporting Accountants”	Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, further details of which are contained in the section headed “Further information about our Company — Written resolutions of the Shareholders” in Appendix IV to this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 3 June 2014, a summary of its principal terms is set forth in the section headed “Share Option Scheme” in Appendix IV to this prospectus

---

## DEFINITIONS

---

“Share Swap Agreement”	the sale and purchase agreement dated 2 December 2013 entered into among Earthasia (BVI), EYT, Mr. Chan and Mr. Lau, pursuant to which EYT, Mr. Chan and Mr. Lau agreed to sell to Earthasia (BVI) 2,500, 1,750 and 750 shares of HK\$1.00 each of Earthasia (International) respectively, representing the entire issued share capital of Earthasia (International), in consideration of the allotment and issue of 3,000 and 2,000 Shares credited as fully paid by our Company to CYY and LSBJ respectively
“Shareholder(s)”	holder(s) of the Shares from time to time
“Shares”	ordinary shares of our Company with a nominal value of HK\$0.01 each
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Sole Global Coordinator”, “Sole Bookrunner”, “Sole Lead Manager” or “GF Securities”	GF Securities (Hong Kong) Brokerage Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, acting as the global coordinator, bookrunner and lead manager of the Global Offering
“Sole Sponsor” or “GF Capital”	GF Capital (Hong Kong) Limited, a licensed corporation under the SFO permitted to carry out type 6 (advising on corporate finance) regulated activities, acting as the sponsor to the Listing
“sq.m.” or “m <sup>2</sup> ”	square metres
“Stabilising Manager”	GF Securities
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilising Manager and LSBJ on or around the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Track Record Period”	the three financial years ended 31 December 2013
“Underwriters”	the Public Offer Underwriters and the International Placing Underwriters

---

## DEFINITIONS

---

“Underwriting Agreements”	the Public Offer Underwriting Agreement and the International Placing Underwriting Agreement
“UK”	the United Kingdom
“United States”, “U.S.” or “US”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “U.S. dollars” or “US dollars”	United States dollars, the lawful currency of the United States
“ <b>WHITE</b> Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be issued in the applicants’ own names
“ <b>YELLOW</b> Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be deposited directly into CCASS
“%”	per cent.

*The English names of the PRC established companies or entities and the English titles of the PRC laws and regulations mentioned in this prospectus are translations from their Chinese names or titles. If there is any inconsistency, the Chinese names or titles shall prevail.*

*Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the date of this prospectus.*

---

## GLOSSARY OF TECHNICAL TERMS

---

*This glossary contains explanations of certain terms used in this prospectus in connection with us and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.*

“AACSB”	The Architectural and Associated Consultants Selection Board, which was established by the Hong Kong Government to formalise procedures for the engagement and remuneration of architectural and associated consultants, which includes, among others, landscape architectural consultants, for the implementation of government projects.
“Architectural Services Department”	Architectural Services Department, a department of the Hong Kong Government
“arboriculture”	the assessment, cultivation, management, and study of trees and other plants
“aquatic system (水系統)”	comprising the management and development of ponds, streams, fountains and water-related features or elements, such as water treatment, water circulation and water purification
“building ownership certificate”	a certificate evidencing a holder’s right to use and occupy the property built on top of the relevant parcel of land in the PRC
“CAGR”	compound annual growth rate
“Category A Qualification”	Category A of Specific Landscape Engineering Design Qualification (風景園林工程設計專項甲級資質)
“Category B Qualification”	Category B of Specific Landscape Engineering Design Qualification (風景園林工程設計專項乙級資質)
“Engineering Design Qualification Certificate (工程設計資質證書)”	a qualification certificate of engineering design, issued by MOHURD, to be obtained by landscape architecture companies before they can undertake engineering design activities within the scope as set out in the qualification certificate. Engineering design qualification classification are categorised into integrated engineering design, industry engineering design, professional engineering design and specific engineering design. Landscape architecture is recognised under specific engineering design qualification classification
“GDP”	gross domestic product
“GFA”	gross floor area



---

## GLOSSARY OF TECHNICAL TERMS

---

“hardscape”	non-living features or elements of landscape comprising driveways, walkways, paths, decks, waterfalls, and ponds
“HKILA”	The Hong Kong Institute of Landscape Architects, the professional body for landscape architects in Hong Kong incorporated under section 3 of The Hong Kong Institute of Landscape Architects Incorporation Ordinance (Chapter 1162 of the Laws of Hong Kong)
“ISO”	the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality management systems of business organisations and developing and publishing international standard for quality management
“ISO 9001:2008”	ISO 9001 certification is an internationally recognised standard for quality management
“Landscape Architects Registration Board” or “LARB”	the registration board established under section 3 of the Landscape Architects Registration Ordinance
“Landscape Architects Registration Ordinance” or “LARO”	Landscape Architects Registration Ordinance (Chapter 516 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“landscape architecture”	a form of architecture which principally encompasses the analysis, planning, design and management of the natural and built environments. Types of landscape architecture services include landscape assessment and planning, detailed landscape design, construction inspection and review, and other related advisory services covering infrastructure and public open spaces, tourism and hotels, residential development, and commercial and mixed-use development
“nightscape (夜景觀(環境照明))”	environment mostly referring to lighting systems for outdoor areas, outdoor landscape and buildings, which may sometimes be understood as landscape lighting design
“signage”	signs or other visual graphics created to show information or as displays, such as commercial or public display signs
“Sira Certification Service”	a company limited by guarantee incorporated in the United Kingdom, operating internationally and providing certification of management systems, personnel and products
“softscape”	living elements or materials of landscape comprising flowers, plants, grass, trees and soil

---

## GLOSSARY OF TECHNICAL TERMS

---

“specialised design(s)”	design(s) provided under landscape architecture specialisation
“Specific Landscape Engineering Design Qualification (風景園林工程設計專項資質)”	a category of specific engineering design under engineering design qualification classification which is categorised into two categories, namely Category A Qualification and Category B Qualification, based on qualifications, technical conditions, technical equipment and management requirements, and authorised scope. For details, please refer to the sections headed “Industry overview” and “Regulatory overview” in this prospectus

---

## RISK FACTORS

---

*You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. The business, financial condition or results of operations of our Group could be materially adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.*

### RISKS RELATING TO OUR BUSINESS

**We determine our service fee based on the estimated time and costs, and yet the actual costs of a project may exceed our service fee due to the unexpected circumstances we encounter throughout the course**

The profitability of our landscape architecture business would depend on the service fee of our projects, each of which is determined based on the terms of the potential project, the length of the project period, the general market condition and the estimated costs to be incurred plus a mark-up. If a significant mark-up is made upon the estimated costs, then our service fee may be less competitive. On the contrary, if the service fee set by us is too low, then when the actual time and costs exceed our estimation during the actual implementation of the project, our profitability may be materially and adversely affected.

The time taken and the actual costs incurred in completing the landscape architecture projects undertaken by us may be adversely affected by many factors which may be beyond our control, including additional variations to the layout plans and other design drawing documents requested by our clients, technical needs, disputes with consultants and other unforeseen problems and circumstances. Any of these can give rise to delays in completion of our projects or costs overrun or even unilateral termination of projects by our clients.

In the PRC, the layout plans and other design drawing documents may be required to be submitted to the construction bureau (建設局) or the competent government authorities according to various local rules or requirements for approval. While the granting of permits and approvals is subject to the discretion of competent government authorities which is beyond our control, delays in the process of obtaining permits and approvals for our layout plans and other design drawing documents from the competent governmental authorities after submission can increase costs or cause delays the progress of our projects. Failure to complete a project according to the project specification and quality standard on a timely basis may also result in disputes, contract termination, liabilities and/or lower returns than anticipated on the project concerned. Such delays or failures to complete and/or unilateral termination of projects by our clients may have material adverse effect on our business operations and financial results.

**Our failure to meet the schedule or requirements stipulated in the contracts could lead to compensation to clients**

Substantially all of our landscape architecture projects are subject to completion schedule requirements as imposed by our clients. If we do not meet the schedules, we may have to pay the compensation to clients for their losses. Our clients generally require us to meet such schedule or requirements as stipulated in our contracts with them. Depending on the particular terms of each contract, compensation may take the form as a lump sum to be subsequently determined in the event of delayed

---

## **RISK FACTORS**

---

schedule or an agreed rate for each day of delay. The amount of compensation may be deducted from the service fee payable by our clients in the respective contract and if such deduction is insufficient to cover their losses, our clients may have the right to further claim from us. Any failure to meet the completion schedule requirements of any of our projects could cause us to pay significant compensation. Although we did not pay any compensation or receive any claims from our clients in this regard during the Track Record Period and up to the Latest Practicable Date, we may be held liable for delay in schedule and therefore be required to make compensation to our clients for their losses in the future during our ordinary course of business. If these were to happen, any compensation to be so determined to be borne by us would reduce or eliminate our profitability on the relevant contract. It could also adversely affect our liquidity and cash flows and have a material adverse effect on our business operations, financial conditions, results of operations, reputation and prospects.

### **We depend on our key management personnel**

The success of our Group depends to a large extent on the continued efforts of our Directors, senior management and other management members including the project directors of our Group as a whole. For details of our Directors and senior management, please see the section headed “Directors, senior management and employees” in this prospectus. There is no assurance that these key executives or personnel will not voluntarily terminate their employment with our Group. The loss of any of our key executives or personnel could be detrimental to the ongoing success of our operations. Our continued success will also depend on our ability to attract and retain qualified personnel in order to manage our existing operations as well as our future growth. We may not be able to successfully attract, assimilate or retain the personnel we need and this could negatively impact our growth and ability to expand effectively.

### **We heavily rely on a stable supply of qualified employees for our operations**

We believe hiring, motivating and retaining qualified employees are critical to our success as a landscape architecture company. Our success depends in part upon our ability to attract, retain and motivate a sufficient number of qualified employees. As at the Latest Practicable Date, 54 of our employees were registered landscape architects, planners, architects and engineers from various jurisdictions, including the PRC, Hong Kong, UK, US, Canada, and Australia. In relation to the landscape architecture service industry, certain members of our project team have obtained, amongst others, (i) Hong Kong qualifications including the Registered Landscape Architect and Certified Arborist of International Society of Arboriculture; and (ii) PRC qualifications including Landscape Engineer (Intermediate level), Landscape Engineer (Senior level), and Registered Planner (Intermediate level). We are developing and implementing a number of employee recruiting and retention incentives to attract, retain and motivate a sufficient number of qualified employees for our business operation and planned expansion. We offer on-job meetings and seminars on a monthly basis and provide recruitment training to our new employees. If we cannot successfully implement all or any of these incentives or, if implemented, these incentives do not achieve the intended benefits generally or within our desired timeframe, we may not be able to successfully recruit, motivate and retain a sufficient number of employees with the necessary professional qualifications at commercially reasonable costs, or at all. Our failure to have and retain enough qualified employees could delay our expansion plans or result in higher employee turnover, either of which could have a material adverse effect on our business and results of operations. In addition, competition for qualified employees could also require us to pay higher wages, which could result in higher labour costs.

---

## **RISK FACTORS**

---

### **Our scope of work is restricted by the obtaining of particular professional qualification**

Our scope of work offered to clients would be subject to and restricted by the obtaining of particular professional qualification. Pursuant to the Administrative Regulations on Construction Engineering Reconnaissance and Design Qualification (建設工程勘察設計資質管理規定) and other applicable laws and regulations in the PRC, an enterprise is required to possess Specific Landscape Engineering Design Qualification to make the official submission of construction layout plans or other design drawing documents. The scope of work offered by us would be restricted by the applicable laws and regulations which would then affect our business operations. Even though we have obtained the Category B Qualification in March 2012, we may still encounter the situation where a client's requests are beyond the scope permitted thereunder. Our results of operations may be adversely affected due to the inability to extend our services beyond the scope of our qualification.

### **We may engage sub-consultants on our own to carry out certain parts of our project works and the work performance of the sub-consultants may be beyond our control**

A landscape architecture project may require services other than designs and other related advisory services among which some would require particular professional qualifications. Subject to the needs of our clients and the project requirements, we may engage sub-consultants with particular professional qualifications to undertake certain tasks of a project. These tasks may cover aquatic system designs, signage designs, nightscape designs, arboriculture, structural, electrical and mechanical services. In particular, for any project in which we are also engaged for the official submission of construction documents or other relevant documents to the competent government authorities in the PRC, we would work with a sub-consultant with Category B Qualification prior to March 2012. In the event that we have to engage sub-consultants and enter separate engagements with them, we will then have to review and select such sub-consultant based on a variety of factors including experience of the sub-consultant such as its job reference and projects involved, performance in previous engagements, relevant qualification possessed, and recommendations by clients.

We cannot guarantee the service quality provided by these sub-consultants and we cannot assure you that our monitoring of the work and performance of our sub-consultants will be sufficient to control the quality of their work. In the event that our sub-consultants fail to meet our or our client's quality and other operating standards and those standards required by the relevant laws and regulations in the PRC and Hong Kong, we may be liable to third parties and our clients. Costs associated with rectifying any problems caused by our sub-consultants may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, if we are unable to maintain a cooperative relationship with any of our sub-consultants or obtain replacements on equal or more favourable terms in a timely manner, or at all, our work schedule may be delayed and we may breach the terms of our contracts, any or all of which may have a material adverse effect on our business, financial condition and results of operations.

Under our contracts with our sub-consultants, they are liable to indemnify us for any loss or damages we may suffer due to their substandard work or breach of contract. However, we cannot assure you that we will not be involved in any legal claims with respect to such outsourced works and that we will not be liable to third parties and our clients for losses or damages caused by our sub-consultants. If a third party institutes

---

## RISK FACTORS

---

legal action against us relating to our outsourced works, we may be required to incur costs and devote resources to defend ourselves against such claims. Costs and expenses incurred by us as a result of any acts or omissions of our sub-consultants or of any unsatisfactory services they render to us may have a material adverse effect on our business, financial condition and results of operations.

**We may be involved in legal and other proceedings arising out of our operations or otherwise from time to time and may face significant losses as a result**

We may receive claims in respect of various matters from our clients, other consultants, sub-consultants, and other parties concerned with our services from time to time. Such claims may be attributable from late delivery of layout plans and other design drawing documents, quality of work not satisfied by our clients, and issues over copyright or other intellectual property rights in respect of the layout plans and other design drawing documents or any materials used in preparation of our work. On the other hand, we may initiate necessary legal proceedings to protect our interests including the use of our registered trademarks. Please refer to the section headed “Business – Legal proceedings and compliance” in this prospectus for details.

We have effected insurance policies to cover certain types of claims. However, the claims against us may not be covered by insurance and are subject to the relevant parties’ negotiation or the decision of the court or the relevant arbitrating authorities, and the outcome of such claims may be unfavourable to us. Should such claims fall outside the scope and/or limit of our insurance coverage, we may be forced to incur additional and substantial costs which could have a material and adverse effect on our financial condition and results of operations.

**We may incur costs in excess of what we anticipate in order to meet the specifications of our clients**

In the course of performing our landscape architecture works, our clients may request us to amend or vary any of the layout plans and other design drawing documents produced by us. A certain extent of variations to be made to the layout plans and other design drawing documents is generally part of the agreed scope of work and included in our service fee under our engagements. Any additional amendments outside of the agreed scope of work would be subject to additional charges to be agreed by our clients and us.

However, there is no assurance that our clients will not dispute on the agreed scope of variations or that agreement on the rate at which additional variation works are charged can be reached between our clients and us. If the rate of additional variation works determined and agreed between our clients and us is materially lower than our original estimation in assessing the profit or loss of each project after incorporating the effect of any variation works, our results of operations may be adversely affected. In the event that agreements cannot be reached and we are not paid for the variation works, contractual disputes with our clients may arise and extra costs, such as legal fees, may be incurred in respect of the relevant project, thereby materially and adversely affecting our profitability, results of operations, liquidity and financial position.

---

## **RISK FACTORS**

---

### **We rely on the maintenance of business relationship with our clients**

During the Track Record Period, we derived a significant portion of our revenue from our recurring clients, amounting to approximately 56.8%, 60.6% and 58.0% of our total revenue for each of the three years ended 31 December 2011, 2012 and 2013, respectively. We maintained business relationship with most of our clients for one to five years. In particular, our revenue derived from our five largest clients during the Track Record Period accounted for approximately 18.5%, 15.5% and 18.4% for each of the three years ended 31 December 2011, 2012 and 2013, respectively and we had an average of over three years of business relationship with them. Our marketing team maintains contacts with our existing clients and keep our clients informed of the recent developments of our Group including the concepts and designs of the completed projects.

Notwithstanding our efforts in marketing and promotion, there is no assurance that these clients will continue to engage us for our services at fees acceptable to our Group or we can maintain the business relationship with them in the future. In the event that our Group is unable to retain these clients, or expand our client base, our business, results of operations, profitability and liquidity may be adversely affected.

### **Our clients pay us by way of progress payment and there is no guarantee that progress payment is paid to us on time and in full**

We normally receive progress payment from our clients by referring to the stages of our landscape architecture services rendered, typically from concept design to completion of construction. A portion of such payment, normally ranging from 5% to 10% of the total service fee payable to us, is usually withheld by our clients in Hong Kong and such amount is to be released after the maintenance or defect liability period. Please see the section headed “Business – Completion – Payment” in this prospectus for details.

There can be no assurance that progress payment will be paid to us on time and in full upon completion of our services or in some cases after the maintenance or defect liability period. Any failure by our clients to make remittance on time and in full may have an adverse effect on our future liquidity position.

### **The trend of our historical financial information may not necessarily reflect our financial performance in the future**

Our revenue amounted to approximately HK\$179.2 million, HK\$172.4 million and HK\$217.0 million for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Our net profit amounted to approximately HK\$34.3 million, HK\$25.9 million and HK\$37.8 million, respectively for the corresponding periods.

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of the Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events or regulations in Hong Kong and the PRC and our ability to control costs and operating expenses. Potential investors should not rely on our historical results to predict the future performance of our Shares.

---

## RISK FACTORS

---

### **Our design qualification certificate is subject to renewal**

Landscape architecture service providers must maintain a Specific Landscape Engineering Design Qualification issued under the Engineering Design Qualification Certificate (工程設計資質證書) in order to legally carry out landscape architecture projects involving the submission of layout plans and other design drawing documents to the competent government authorities for approval for construction purposes in the PRC. We are also required to be registered as a listed consultant under the landscape architectural category of the AACSB to undertake landscape architecture projects for the Hong Kong Government. For further details, please refer to the section headed “Regulatory overview” in this prospectus.

We obtained the Category B Qualification in March 2012 with the expiry date in March 2017 and it is subject to renewal 60 days before expiry of the term stated therein. In reviewing an application to renew the qualification certificate, local authorities may consider factors such as the applicant’s compliance with laws, regulations, rules and technical standard in the past, the applicant’s credit record, and conformity of the applicant’s qualified employees with the qualification standard. We cannot assure that the qualification certificate will continue to be renewed and that the qualification certificate will not be revoked or delisted. If we fail to obtain, renew or maintain the qualification certificates in the future, or our qualification certificates become revoked or delisted, our landscape architecture business may be limited and our business and financial condition may be materially and adversely affected.

### **Our operating results depend heavily on the performance of the property markets in the PRC**

Our business and prospects depend heavily upon the performance of the property markets, in particular the PRC market. Approximately 100.0%, 96.1% and 91.3% of our revenue were derived from our PRC projects for each of the three years ended 31 December 2011, 2012 and 2013, respectively. In particular, as at 31 December 2013, we had 522 projects in total which had yet to be completed and among which 451 projects were located in the PRC. These 451 projects with the remaining contract sum of approximately HK\$359.6 million constituted approximately 82.8% of the total remaining contract sum of all projects that had yet to be completed. Further, there were 11 projects that have been awarded to us but not yet commenced. All such projects, with a total contract sum of approximately HK\$14.7 million, were located in the PRC. For details of these yet to be completed or commenced projects, please refer to the section headed “Business – Overview” in this prospectus. Our Directors consider that it is possible for different types of properties projects undertaken by us, covering residential development, commercial and mixed-use development, infrastructure and public open spaces, and tourism and hotels, to be exposed to risks of adverse performance of the PRC property markets.

Since we expect to continue to deepen our market presence in the PRC, our business continues to be heavily dependent on the performance of property markets in the PRC. The PRC property market may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. Any market downturn in the PRC generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and operation results.



---

## RISK FACTORS

---

Demand for properties in the PRC has been growing rapidly in the past few years. However, such growth is often coupled with volatility in market conditions and price fluctuations. In particular, the PRC Government may exert considerable direct and indirect influence on the development of the PRC property market by imposing industry policies and other economic measures. Therefore, there is no assurance that the property development projects and prices will continue to grow at past levels or will not decline. A number of potential factors which may affect the PRC's economic development and hence growth of the property market, include:

- appreciation of the Renminbi;
- concerns that the PRC property market has been overheating and may become a property "bubble". While the PRC Government has taken measures to prevent the overheating of the PRC's property market and control the high inflation rate in the PRC, these measures may lead to changes in market conditions, including price instability and an imbalance between supply of, and demand for, properties in the PRC; and
- re-occurrence of the global financial crisis in 2008 which resulted in extreme volatility in the global capital market. As a result, banks and other credit providers restrict the availability of new credit facilities and require more collateral and higher pricing upon the renewal of existing credit facilities. As the PRC's economy increasingly relies upon the global economy, the availability and cost of financing in the PRC is also affected by the global downturn and recessions in major economies around the world.

Any over-supply of properties or any potential decline in demand or prices for properties in the PRC could have a material and adverse impact on our cash flows, financial position and results of operations. We cannot guarantee that there will no further measures implemented by the PRC Government to control the growth of the property market, or that there will be no major negative changes in the PRC's economy and property sector. Any such changes can have a material adverse effect upon our revenue and profitability.

### **We may not be able to pay any dividends on the Shares**

We declared dividends of approximately HK\$32.3 million, HK\$14.4 million and HK\$15.1 million for each of the three years ended 31 December 2011, 2012 and 2013, respectively. We also declared a dividend of HK\$35.0 million on 14 January 2014. We cannot assure you that we will declare or pay dividends in the future, and potential investors should be aware that the amount of dividends that were declared and paid in the past should not be used as a reference or basis upon which future dividends will be determined. The payment and the amount of any dividends to be declared will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant.

The receipt of dividends from our operating subsidiaries may also be affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations, and other events out of our control. PRC law requires that dividends be paid only out of net distributable profit calculated according to PRC accounting principles, which differs in many aspects from generally accepted accounting principles in other jurisdictions. In addition, restrictive covenants in our credit

---

## **RISK FACTORS**

---

facilities or other agreements that we may enter into in the future may also restrict the ability of our operating subsidiaries to make distributions to us. Therefore, these restrictions on the availability and usage of our major source of funding may affect our ability to pay dividends to our Shareholders.

### **We may not be able to adapt to the new design era or the local design preference of a particular area**

The landscape architecture service industry is evolving. We constantly need to adapt to new industry trends, including changes in design preference, new models, new technics and new government regulations. We evaluate these changes as they emerge and strive to adapt our business and operations in order to maintain and strengthen our position in the industry. There is no assurance that our adaptation of new trends and design preference would be well received by our clients, and our failure to do so may materially and adversely affect our business, financial condition and results of operations.

### **We may fail to operate successfully in other regions of the PRC**

We plan to explore and develop new business opportunities in certain regions in the PRC where we have little or no operating experience, including Qingdao, Chongqing, Nanchang, Nanning and Hainan. The regions in the PRC which we target to have business operations may have different business environments, market conditions, consumer preferences and discretionary spending patterns from our existing operations. Consumers in these regions may not be familiar with our brand and we may need to build up the brand awareness in such markets through greater investments in advertising and promotional activities than we originally planned. We may find it more difficult in new regions to hire, train and retain qualified employees who share our business philosophy and culture.

Any inability to execute our expansion plans for the PRC market could adversely affect our business, growth, financial condition and results of operations.

### **There is no assurance that our future plans will materialise**

We plan to continue to expand our scope of services by developing specialised services covering signage, nightscape, aquatic system and arboricultural designs. Our current expansion plans contemplate a more rapid pace of expansion than we have previously undergone. Our expansion may place substantial demands on our management and our operational, technological, financial and other resources. Our planned expansion will also impose significant burden on us to maintain consistent service quality across a larger operational network and to preserve our corporate culture across a larger and more diverse employee base to ensure that our brand does not suffer as a result of any deterioration, whether actual or perceived, in the quality of our services rendered.

To manage and support our growth, we may need to improve our existing operational and administrative systems as well as our financial and management controls. Our continued growth also depends on our ability to recruit, train and retain additional qualified management personnel as well as other administrative, sales and marketing personnel, particularly as we expand into wider scope of services. To accommodate our growth, we need to continue managing our relationships with our sub-consultants and clients. All of these will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we will be able to manage any future growth effectively and

---

## RISK FACTORS

---

efficiently, and any failure to do so may materially and adversely affect our ability to capitalise on new business opportunities, which in turn may have a material adverse effect on our business and financial results.

### **We may suffer certain losses not covered by insurance**

As at the Latest Practicable Date, we have obtained insurance policies that we believe are customary for businesses of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations. For more details on our insurance policies, please see the section headed “Business – Insurance” in this prospectus. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure, such as loss of reputation. Further, the insurance premium payable by us depends on various factors including the scope and contract sum of the landscape architecture projects undertaken by us and our insurance claim records with the insurer. There is no assurance that the insurance premium payable by us will not increase in the future. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage or the insurance premium payable by us increases significantly, our business and results of operations may be materially and adversely affected.

### **We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and a deterioration in our corporate image, which could adversely affect our business**

As at the Latest Practicable Date, we had registered 11 trademarks in the PRC and one trademark in Hong Kong that we believe to be material to our business. We are also in the process of applying for registration of one trademark in the PRC. We believe our trademarks and other intellectual property rights are important to our success. We may rely on copyrights, trademarks, patents, confidentiality policies, non-disclosure and other contractual arrangements with our employees, clients and other parties to protect our intellectual property rights. Other intellectual property rights such as landscape designs proposals and drawings would be covered by confidentiality agreements as well. We cannot assure you that we will be able to detect any unauthorised use of, or take appropriate, adequate and timely actions to enforce, our intellectual property rights. Furthermore, we may not be able to effectively prevent unauthorised use of our trademarks or other intellectual property rights in other countries where such trademarks and intellectual property rights are not registered. If there were any unauthorised use of our intellectual properties, it may have a negative impact on our reputation and our business may be materially and adversely affected.

On the other hand, there is no assurance that infringement claims against us from third parties will not occur. We may be subject to legal proceedings and claims from time to time alleging infringement of copyrights or trademarks, or misappropriation of creative ideas or designs, or other infringement of proprietary intellectual property rights. Any such claims, regardless of merit, may involve us in time consuming and costly litigation or investigation, divert significant management and staff resources, prevent us from using important content or drawings or other intellectual property, resulting in monetary liability or otherwise disrupt our operations. As at the Latest Practicable Date, save as disclosed in the section headed “Business – Legal proceedings and compliance”, our Directors were not aware of any claims or imminent claims against us alleging infringement of proprietary intellectual property rights.

For details of our intellectual property rights, such as trademarks, please refer to the section headed “Intellectual property rights of our Group” in Appendix IV to this prospectus.

---

## RISK FACTORS

---

### **We cannot assure you that we can maintain net cash inflows from operating activities**

Due to the nature of the landscape architecture business, we may from time to time experience net operating cash outflows at the early stage of our projects when we are required to pay up the expenses incurred in advance of receiving payments from our clients. Progress payment will be paid by our clients after the project commences with reference to our agreed milestones and accordingly the cash flows for a particular project will turn into accumulative net cash inflows gradually as the project progresses. For details of the progress payments, please refer to the section headed “Business – Completion – Payment” in this prospectus. However, the terms of such progress payment were determined with our clients when we first entered into the service agreements with them and there is no guarantee that we can always estimate and tie up accurately the actual costs incurred with the payment terms. We may encounter mismatch of the actual costs incurred and the payment terms with our clients which would then lead to the cash outflows and subsequently adversely affect our cashflow position.

We undertake a large number of landscape architecture projects at any given period, and the cash outflows of a particular project may not be compensated by the cash inflows of other projects. If we take up too many sizeable projects, which require initial costs without cash inflows from other projects at a particular point of time, our corresponding cashflow position may be adversely affected. There is no assurance that our operations will generate sufficient cash flows to meet our operating and capital requirements in the future.

### **Some of the properties we leased may not have proper legal titles and the lease for the properties used by us have not been properly registered**

As at the Latest Practicable Date, we leased 23 properties with an aggregate GFA of approximately 4,853.2 sq.m. in the PRC. Among these 23 material leased properties, the landlords of three properties have failed to provide us with the building ownership certificates. These properties are with an aggregate GFA of approximately 2,280.8 sq.m. amounting to approximately 47.0% of the total GFA for all of our leased properties. All these three properties are for our office use. Due to such failure to provide certifications of ownership of these properties, our lease agreements may be challenged as to their validity. If the lease agreements are deemed to be invalid by the relevant PRC authorities or if the landlords do not possess valid titles, we may have to relocate our offices. In addition, we have not registered 11 lease agreements with the relevant PRC authorities among which five are for our office use and six are for our staff’s dormitories. As advised by our PRC Legal Advisors, the non-registration of these lease agreements would not affect their validity but we may be unable to defend claims raised by a third party acting in good faith due to the non-registration of the lease agreements. We may be required to relocate our offices if we are unable to defend such claims. For details, please see the section headed “Business – Properties” in this prospectus. For situations in which we would have to relocate our offices, we will incur additional costs and our operations could be temporarily disrupted.

### **Our failure to make social insurance contributions for our foreign employees may expose us to make outstanding amounts and fines under the relevant PRC laws and regulations**

During the Track Record Period and up to February 2014, our major operating subsidiary in the PRC, Earthasia (Shanghai), has failed to open accounts and make social insurance contributions for our foreign employees. For each of the three years ended 31 December 2011, 2012 and 2013, the unsubscribed social

---

## RISK FACTORS

---

insurance contributions amounted to approximately RMB0.3 million, RMB1.1 million and RMB1.1 million, respectively. For the two months ended 28 February 2014, the unsubscribed social insurance contributions amounted to approximately RMB0.7 million.

Under the Interim Measure for Participation in the Social Insurance System by Foreigners Working in China (在中國境內就業的外國人參加社會保險暫行辦法), effective from 15 October 2011, if an employer fails to open accounts and make social insurance contributions for its foreign employees, the relevant social insurance authority may order such employer to open account for its foreign employees within a prescribed period, and make the unsubscribed outstanding amounts on social insurance contributions from the due date within a prescribed period. An additional late payment fee at a daily rate of 0.05% of such outstanding amount may also be ordered and imposed. If the employer fails to open the account or make social insurance contributions within the prescribed period, a fine of one to three times of the total amount of the contribution may be imposed. For details, please see the section headed “Business – Legal proceedings and compliance – Non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date” in this prospectus.

We have opened the accounts for our existing foreign employees in February 2014. However, the relevant social insurance authority may order the payment for the unsubscribed outstanding amount prior to February 2014 and it may also order us to pay a late payment fee. In the event that we fail to make such amounts accordingly, we may further be imposed with an additional fine of one to three times of the total amount as a result of which our business operations and financial condition may be adversely affected.

**We are a holding company that is financially dependent on distributions from subsidiaries and our results could be adversely affected by those distributions that are not made in a timely manner or at all**

We are a holding company and conduct substantially all of our business through our operating subsidiaries. We mainly rely on income generated from our business, distributions and other payments from our wholly-owned operating subsidiaries in the PRC for our cash and financing needs, including funds necessary to pay dividends to our Shareholders, to repay any debt we may incur and to pay our operating expenses. If our PRC subsidiaries incur debt in the future, the instruments governing the debt may restrict their ability to make distributions to us.

Furthermore, the relevant PRC laws and regulations permit payments of dividends by our PRC subsidiaries only out of their net distributable profit, if any, as determined in accordance with PRC accounting standards and regulations. Under the applicable PRC laws and regulations, each of our PRC subsidiaries is required to maintain a general reserve fund of its after-tax profit based on PRC accounting standards up to a maximum of 50% of its registered capital. Our PRC subsidiaries may allocate a portion of after-tax profit to employees’ welfare, bonuses and development funds at the discretion of these PRC subsidiaries and pursuant to their articles of association. While such allocation to these reserves or funds are made out of our PRC subsidiaries’ net profit after taxation, these reserves or funds are not distributable as dividends. As a result, our PRC subsidiaries are restricted in their ability to make distributions to us or any of our other subsidiaries in the form of dividends, loans or advances. Limitations on the ability of our PRC subsidiaries to make distributions to us or any of our other subsidiaries could materially and adversely limit our ability to finance our financial needs including the payment of dividends to our Shareholders.

---

## RISK FACTORS

---

### **Dividend payable to our foreign investors, gains on sale of our Shares and the transfer of our equity interests in the PRC subsidiaries may become subject to withholding tax under the PRC tax laws**

Under the Enterprise Income Tax Law (promulgated by the National People's Congress on 16 March 2007 and became effective on 1 January 2008) ("**PRC EIT Law**"), incomes including without limitation dividends, interests, rent, royalties and gains on transfers of property payable by a foreign-invested enterprise in the PRC to its foreign investor who is a non-resident enterprise having no institutions or premises in the PRC or such incomes are derived irrelevant with the institutions or premises in the PRC, will be subject to a 10% withholding tax, unless such non-resident enterprise's jurisdiction of incorporation has a tax treaty with the PRC that provides for a reduced rate of withholding tax and such favourable treatment is approved by the tax authority. Under the arrangement for avoidance of double taxation between the PRC and Hong Kong, the effective withholding tax for dividends applicable to a Hong Kong non-resident company is currently 5% if it directly owns no less than a 25% stake in the PRC foreign-invested enterprise.

Similarly, any gain realised on the transfer of our Shares or equity interest in the PRC subsidiaries by such "non-resident enterprise" investors is also subject to a 10% PRC income tax if such gain is regarded as income derived from sources within the PRC and/or we are considered a "resident enterprise" in the PRC. For the definition of "resident enterprise", please refer to the section headed "Risk factors – Risks relating to our business – We may be deemed to be a PRC tax resident and we may be subject to PRC tax on our worldwide income". in this prospectus. If we are required under the PRC EIT Law to withhold PRC income tax on our dividends payable to our foreign shareholders who are "non-resident enterprises," or if you are required to pay PRC income tax on the transfer of our Shares, the value of your investment in our Shares may be materially adversely affected. It is unclear whether, if we are considered a PRC "resident enterprise," holders of our Shares might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or regions.

### **We may be deemed to be a PRC tax resident and we may be subject to PRC tax on our worldwide income**

Under the PRC EIT Law, an enterprise established outside the PRC with its "de facto management body" within the PRC is considered a "resident enterprise" in the PRC and is subject to the PRC enterprise income tax at the rate of 25% on its worldwide income. The implementation rules define "de facto management body" as those which exercise substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties and other aspects of an enterprise. The PRC EIT Law and its implementation rules contain ambiguous language, especially relating to the identification of PRC-sourced income. We cannot assure you that our Company will not be deemed to be a PRC resident enterprise under the PRC EIT Law and be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income. If the PRC tax authorities subsequently determine that our Company should be classified as a resident enterprise, non-PRC Shareholders will be subject to a 10% withholding tax upon dividends payable by us and gains on the sale of Shares under the PRC EIT Law. Any such tax may reduce the returns on your investment in our Shares.

---

## RISK FACTORS

---

### **Future transfer of equity interests in our non-PRC subsidiaries may incur uncertainty with respect to tax effects on indirect transfers of equity interests in our PRC subsidiaries through their non-PRC holding companies**

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (“**SAT Circular 698**”) issued by SAT in December 2009 with retroactive effect from 1 January 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an indirect transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

The application of SAT Circular 698 is uncertain. The relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise remain unclear. In addition, there are no formal declarations regarding how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. We may conduct transactions involving changes in corporate structures in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

### **We are subject to risks for termination or other adverse changes of main contracts entered by our clients with other parties**

During the Track Record Period, we had undertaken 901 contracts with 623 clients of various types, mainly governments, public bodies, and property developers. Among these clients, 48 of them were other clients including architecture companies, engineering companies and construction companies, who may have entered main contracts with other parties and our services would be subject to the termination of the corresponding main contract. In relation to these clients, we had undertaken 63 projects representing approximately 7.0% of the total number of projects undertaken during the Track Record Period. Our revenue generated from these other clients constituted approximately 1.0%, 2.4% and 5.8% of the total revenue recognised for each of the three years ended 31 December 2011, 2012 and 2013, respectively. In particular, as at 31 December 2013, we had 522 projects in total which had yet to be completed, and among which 42 projects were entered with these other clients including architecture companies, engineering companies and

---

## RISK FACTORS

---

construction companies. These 42 projects with the remaining contract sum of approximately HK\$50.6 million constituted approximately 11.7% of the total remaining contract sum of all projects that had yet to be completed.

Whether the main contracts, to which our Group is not a contracting party, will be terminated is subject to many factors which are beyond our control. There can be no assurance that the main contracts will not be terminated by the contracting parties in the future. Furthermore, the payment of service fee by our clients to us may be subject to the receipt of the corresponding amount by our clients from their own customers. Therefore, if any of the main contractors were to terminate its main contract with the end client or in breach of its obligations under the main contract, there could be a risk that we might not be able to receive service fee for any of the work already done by us. We may have already allocated the resources and time to the particular project and we may not be able to secure landscape architecture projects on similar terms in a timely manner from other clients and therefore to utilise our capacity fully. We might not be able to successfully claim for damages against the main contractor for its breach of contract with us. As such, our operating results, financial condition and business would be adversely affected.

### **We cannot assure you that we can maintain net current assets**

We had net current assets of approximately HK\$42.3 million, HK\$52.8 million and HK\$76.9 million, as at 31 December 2011, 2012 and 2013, respectively.

Despite the net current assets position we achieved during the Track Record Period, we cannot assure you that we will be able to maintain such a position going forward or that we will not record net current liabilities in the future. Any net current liabilities position exposes us to liquidity risk. Our future liquidity, the payment of payables and the repayment of our outstanding debt obligations as and when they become due will depend primarily on our ability to maintain adequate cash inflows from operating activities or to secure financing from financial institutions. As at the Latest Practicable Date, we had not experienced any liquidity problems in settling our payables or rolling over our short-term bank loans in the ordinary course of business when they fell due. However, we cannot assure you that we will always be able to raise the necessary funding to refinance our short-term borrowings upon maturity and finance our capital commitments.

The continuing availability of financing is subject to a variety of factors such as market conditions, the overall availability of credit to the landscape architecture service industry, our credit capacity as well as client and lender sentiment. Any failure to finance our current liabilities or an increase in the cost of funding our current liabilities could have a material and adverse effect on our business, results of operations, financial position and growth prospects. Please also refer to the section headed “Financial information – Factors affecting our results of operations and financial condition” in this prospectus for more details.

### **We are involved in disputes or litigations**

We are subject to the risk of facing claims or litigations initiated by our clients, third party consultants, staff and other working parties. During the Track Record Period, we have encountered several incidents of claims and litigations against us arising out of our operations in relation to our landscape architecture business. These claims were related to wage, trademark infringement, unfair competition, false propaganda, and employment. Please refer to the section headed “Business – Legal proceedings and



---

## RISK FACTORS

---

compliance - Particulars of claims settled, pending or threatened involved our Group” in this prospectus for further information. If any claims against us fall outside the scope and/or limit of our insurance coverage, our financial position may be adversely affected. Besides, these claims may trigger negative publicity or media coverage or allegations, despite their inaccuracy, which may subsequently have adverse impact on our reputation and business image. We cannot assure you that we can minimise all the adverse impacts driven by any potential, existing, or pending dispute or litigation on our business operations.

### **RISKS RELATING TO OUR INDUSTRY**

#### **We face keen competition from the other players in the market**

The landscape architecture service industry is highly competitive as there are few barriers to entry. Our brands compete with local, national and global brands. Some of our competitors may have greater financial, marketing, management and other resources than we do. We compete with other landscape architecture companies on the basis of variety and quality of our landscape architecture services, pricing of our services, and quality of services we provide. Some of our competitors may have:

- greater financial and other resources;
- larger variety of services;
- greater pricing flexibility;
- stronger brand recognition; or
- more established and solid client base.

As a result, we may not be able to offer services, similar to, or more desirable than, those offered by our competitors, market our services as effectively as our competitors or otherwise respond successfully to competitive pressures. We cannot assure you that our strategies will remain competitive or that they will continue to be successful in the future. Increased competition could result in pricing pressure and loss of our market share, either of which could have a material adverse effect on our financial condition and results of operations.

#### **The global economy may be adversely affected by a recurrence of severe acute respiratory syndrome, or an outbreak of other epidemics such as swine flu and avian flu, thereby affecting our projects**

Certain countries in Asia have experienced epidemics such as Severe Acute Respiratory Syndrome, avian influenza and natural disasters such as fire, floods, blizzards and earthquakes, which have had an adverse impact on the economies of the PRC and other parts of Asia. A global outbreak of a new strain of influenza virus, the H1N1, which was declared a pandemic in June 2009 by the World Health Organisation, is also affecting many countries worldwide.

---

## RISK FACTORS

---

Where there is an outbreak or a recurrence of epidemics or natural disaster in any country or a further spread or mutation of the H1N1 leading to a more severe H1N1 outbreak in Hong Kong, the PRC or across the globe which are beyond our control, this could affect the economy and result in disruption to our business, which could in turn adversely affect our operations and financial results.

### **The global financial crisis had negative repercussions on our target clients**

The global financial crisis in 2008 and the recent European sovereign-debt crisis caused substantial volatility in the capital markets and a downturn in the global market. Demand for landscape architecture services may decrease since our target clients may have been adversely impacted during the market fluctuation. Furthermore, if a number of our current clients terminate their contracts with us due to financial constraints, our operations and financial results may be adversely affected.

### **Our business operations are extensively impacted by the policies and regulations of the PRC Government. Any policy or regulatory changes may cause us to incur significant compliance costs**

We are subject to extensive national, provincial and local governmental regulations, policies and controls. Central governmental authorities, such as, MOHURD, MOFCOM, SAFE, SAT and the Ministry of Land and Resources of the PRC, and provincial and local authorities and agencies regulate many aspects of Chinese industries, including, among others, the following aspects:

- procurement, maintenance, renewal of landscape engineering design qualification;
- construction planning in urban and rural areas;
- reviewing and approving layout plans for construction purposes;
- establishment of or changes in shareholder of foreign investment enterprises;
- foreign exchange; and
- taxes, duties and fees.

The liabilities, costs, obligations and requirements associated with these laws and regulations may be material, may delay or interrupt our work progress. Failure to comply with the relevant laws and regulations in our operations may result in the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities.

Other developments, such as enhanced health and safety laws and regulations, the stricter enforcement thereof, and claims for damages to property or injury to persons resulting from the environmental, health and safety or past contamination, could prevent or restrict some of our operations, require significant expenditure to bring us into compliance, involve the imposition of clean up requirements

---

## RISK FACTORS

---

or give rise to civil or criminal liability. Any such legislation, regulation, enforcement or private claim could have a material adverse effect on our business, financial condition, cash flows, prospects and results of operations.

### **RISKS RELATING TO THE PRC**

#### **The political and economic situation in the PRC may have a material adverse effect on our business**

The PRC economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing, and the allocation of resources. Clients' tendency to become more cost-conscious as a result of an economic slowdown or decreases in disposable income may reduce our client traffic or average revenue per client, which may adversely affect our revenues.

While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven geographically, among various sectors of the economy and during different periods. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on our business. For example, due in part to the impact of the global crisis in financial services and credit markets and other factors, China's year-on-year real GDP growth rate decreased to 6.8% in the fourth quarter of 2008, down from the figure of 11.9% reached in the second quarter of 2007. As a result, beginning in September 2008, among other measures, the PRC Government began to loosen macroeconomic measures and monetary policies by reducing interest rates and decreasing the statutory reserve rates for banks. In addition, in November 2008, the PRC Government announced an economic stimulus package in the amount of RMB4.0 trillion. However, the PRC Government has increased its deposit reserve ratio six times within 2010, in each case by 0.5%, to control the growth of the PRC economy. We cannot assure you if the PRC Government will adopt any measures to stimulate the economy growth in the PRC in the future, and if so adopted such measures will be effective. In addition, such measures, even if they benefit the overall PRC economy in the long-term, may adversely affect us if they reduce the disposable income of our clients or dampen their willingness to spend.

#### **Governmental control of currency conversion may affect the value of your investment in the Shares**

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Our operations has been focusing on the PRC market during the Track Record Period and we will continue to do so going forward. Therefore, we mainly receive our revenues from our landscape architecture business in the PRC in Renminbi. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also, at its discretion, restrict access in the

---

## RISK FACTORS

---

future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

### **RISKS RELATING TO HONG KONG**

#### **The state of economy in Hong Kong may adversely affect our performance and financial condition**

We generated revenue from projects located in Hong Kong which accounted for approximately nil, 2.9% and 7.2% of our revenue for each of the three years ended 31 December 2011, 2012 and 2013, respectively. We intend to explore and capture business opportunities for our landscape architecture business in Hong Kong following the completion of the Global Offering. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

#### **The state of political environment in Hong Kong may adversely affect our performance and financial condition**

Hong Kong is a special administrative region of the PRC and enjoys a high level of autonomy under the principle of “one country, two systems” according to the Basic Law of Hong Kong. However, we are not in any position to guarantee the implementation of the “one country, two systems” principle and the level of autonomy as currently in place at the moment. Since part of our operations are located in Hong Kong, any change of such political arrangements may pose immediate threat on the stability of the economy in Hong Kong, thereby directly and negatively affecting our results of operations and financial positions.

#### **Devaluation of the Hong Kong dollars could affect our financial conditions and results of operations**

Since 17 October 1983, Hong Kong dollars have been pegged to U.S. dollars at a rate of HK\$7.80 to US\$1.00. There is no indication that the Hong Kong Government intends to cancel or change the pegged exchange rate arrangements. However, in the event that such arrangements shall change or the valuation of U.S. dollars shall become volatile in the international currency markets, valuation of Hong Kong dollars may be significantly affected or may even experience devaluation. At present, part of our revenue is generated in the currency of Hong Kong dollars and part of our expenses is incurred in currencies other than Hong Kong dollars. In case of devaluation of Hong Kong dollars by whatever reason, our financial performance and liquidity positions may be adversely affected and our expenses incurred may drastically increase as a result.

---

## RISK FACTORS

---

### **RISKS RELATING TO THE SHARES AND THE GLOBAL OFFERING**

#### **Potential conflict of interests between our Controlling Shareholders and other minority Shareholders**

Immediately following the Global Offering and the Capitalisation Issue, our Controlling Shareholders collectively will beneficially own approximately 49.5% of the Shares (assuming no exercise of the Over-allotment Option and not taking into account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme). The interests of our Controlling Shareholders may differ from the interests of other Shareholders.

Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the assets, election of Directors and other significant corporate action. In cases where their interests are aligned and they vote together, our Controlling Shareholders will also have the power to prevent or cause a change in control. Without the consent of some or all of our Controlling Shareholders, we may be prevented from entering into transactions that could be beneficial to us. We cannot assure that our Controlling Shareholders will act entirely in our interest or that conflicts of interest will be resolved in our favour. The interests of our Controlling Shareholders may differ from the interests of our minority Shareholders and our Controlling Shareholders are free to vote according to their interests.

#### **There is no prior market for the Shares and the liquidity and market price of the Shares may be volatile**

Prior to the Global Offering, no public market for our Shares existed. We have made an application to the Stock Exchange for the listing and trading of our Shares. There is no assurance that the Listing will result in the development of an active, liquid public trading market for our Shares after the Global Offering. In addition, the price and trading volume of our Shares may be volatile since factors such as variations in our Group's revenues, earnings and cash flows or any other developments, whether due to seasonal sales fluctuations or for any other reasons, may affect the volume and price at which our Shares will be traded.

#### **Issuance of new Shares or equity linked securities may cause dilution in shareholding**

We may need to raise additional funds in the future to finance our future plans, whether in relation to existing operations, expanding points of sale or otherwise. If additional funds are raised through the issuance of our new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, then (a) the shareholding interest of our existing Shareholders in our Company may be reduced, and/or (b) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of our existing Shareholders.

#### **Further sale of our Shares or major divestment of Shares by any major Shareholders could adversely affect the Share prices**

Future issues of securities by our Company or the disposal of our Shares by any of our major Shareholders or the perception that such issues or sale may occur, may negatively impact the prevailing market price of our Shares. Shares held by our Controlling Shareholders and PBLA are subject to certain

---

## RISK FACTORS

---

lock-up period. See the section headed “Underwriting – Underwriting arrangements and expenses – The Public Offer – Undertakings” for details. We cannot give any assurance that our major Shareholders will not dispose of the Shares they may own now or in the future.

### **Our financial performance for the six-month ending 30 June 2014 and the year ending 31 December 2014 may be adversely affected by the non-recurring listing expenses**

The total estimated non-recurring listing expenses (excluding underwriting fees and commissions) in connection with the Global Offering is approximately HK\$24.9 million, of which approximately HK\$9.5 million is directly attributable to the issue of new shares and to be accounted for as a deduction from the equity and approximately HK\$15.4 million is to be charged to the consolidated statement of comprehensive income. Listing expenses of HK\$3.7 million were charged to the consolidated statement of comprehensive income for the year ended 31 December 2013, and approximately HK\$11.7 million are expected to be charged to the consolidated statement of comprehensive income for the year ending 31 December 2014, representing 21.6% of our profit before taxation of HK\$54.2 million for the year ended 31 December 2013. Our Directors expect that our financial performance for the six months ending 30 June 2014 and therefore the year ending 31 December 2014 would be materially and adversely affected by the aforementioned estimated non-recurring listing expenses, and may or may not be comparable to our financial performance in the past.

### **Statistics and industry information may come from various sources which may not be reliable**

This prospectus contains information and statistics that are derived from various publicly available official government and other publications and generally believed to be reliable. However, we cannot guarantee the quality and reliability of these publications. Whilst our Directors and the Sole Sponsor have taken reasonable care to ensure that such facts and statistics in this prospectus are accurately reproduced, these facts and statistics have not been independently verified by us. Our Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Lead Manager, the Underwriters, their respective directors and advisors or any other parties involved in the Global Offering do not make any representation as to the accuracy of such facts and statistics, which may not be consistent with other information and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics in this prospectus may be inaccurate or may not be comparable from period to period to facts and statistics produced for other economies and should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

### **There are risks associated with the forward-looking statements contained in this prospectus**

The information in this prospectus contains certain forward-looking statements and information relating to our Group that are based on the belief of our Directors as well as assumptions based on the information currently available to them. In this prospectus, the words “believe”, “consider”, “estimate”, “expect”, and similar expressions, as they relate to our Company or our Group or our Directors, are intended to, among others, identify forward-looking statements. Such statements reflect the current views of our Directors with respect to, among others, future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or

---

## RISK FACTORS

---

uncertainties materialise, or should underlying assumptions are proved to be incorrect, our financial condition may be adversely affected and vary materially from those described herein as believed, considered, estimated or expected.

**Investors may experience difficulties in enforcing their shareholder rights because the Company is incorporated in the Cayman Islands and the protection to minority Shareholders under the Cayman Islands laws may be different from that under the laws of Hong Kong or other jurisdictions**

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands law on protection of minority shareholders is set out in Appendix III to this prospectus.

**Investors should read the entire prospectus and should not rely on any information contained in press articles or other media coverage regarding us and the Global Offering**

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there may be press and media coverage regarding the Global Offering and us. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

---

## FORWARD-LOOKING STATEMENTS

---

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward-looking statements can be identified by words such as “may”, “will”, “should”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “continue”, “seek”, “estimate”, or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our business strategies, development activities, estimates and projections, expectations concerning future operations, profit margins, profitability, competition and the effects of regulation.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Although these forward-looking statements are made by our Directors after due and careful consideration, these statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document. Should one or more of the risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are neither statements of historical fact nor guarantees or assurances of future performance. Hence, you should not place undue reliance on such forward-looking statements.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- the success of our existing and future operation;
- our ability to materialise and manage our planned business expansion;
- our ability to retain senior management team members and recruit qualified and experienced new team members;
- our ability to maintain our competitiveness and operational efficiency;
- our prospective financial conditions;
- laws, regulations and rules for the landscape architecture service industry in Hong Kong, the PRC and other jurisdictions where we provide services; and
- other factors that are described in the section headed “Risk factors” in this prospectus.

Any forward-looking statement made by us in this prospectus applies only as at the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.



---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous) Ordinance and Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

The Global Offering is made solely on the basis of the information contained and the representation made in this prospectus and the related Application Forms. No person is authorised in connection with the Global Offering to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein should not be relied upon as having been authorised by our Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their respective directors or affiliates of any of them or any other person or party involved in the Global Offering.

### **UNDERWRITING**

This prospectus is published solely in connection with the Public Offer which forms part of the Global Offering. For applicants under the Public Offer, this prospectus and the related Application Forms contain the terms and conditions of the Public Offer.

The Listing is sponsored by GF Capital. The Public Offer is fully underwritten by the Public Offer Underwriters and the International Placing is expected to be fully underwritten by the International Placing Underwriters. The Global Offering is subject to our Company and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price. The Global Offering is lead managed by GF Securities.

If, for any reason, the Offer Price is not agreed among our Company and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For further information, please refer to the section headed "Underwriting" in this prospectus.

### **RESTRICTIONS ON SALE OF OFFER SHARES**

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

Prospective applicants for the Offer Shares should consult their financial advisors and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

**Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of the Offer Shares, to confirm, that he is aware of the restrictions on offer and sale of the Offer Shares described in this prospectus.**

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme).

No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### **REGISTER OF MEMBERS AND STAMP DUTY**

All Offer Shares sold pursuant to applications made in the Public Offer will be registered on our Company's register of members to be maintained in Hong Kong. Our Company's principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands.

Dealings in the Offer Shares registered in the register of members of our Company maintained in Hong Kong will be subject to Hong Kong stamp duty.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in the Offer Shares. None of our Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposition of the Offer Shares.

### **PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES**

The procedure for applying for the Public Offer Shares is set out in the section headed "How to apply for Public Offer Shares" in this prospectus and on the related Application Forms.

### **STRUCTURE OF THE GLOBAL OFFERING**

Details of the structure of the Public Offer, the International Placing and the Global Offering, including its conditions, are set out in the section headed "Structure and conditions of the Global Offering" in this prospectus.

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

### **CURRENCY TRANSLATIONS**

Unless otherwise specified, amounts denominated in RMB and US\$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK\$1.00: RMB0.79575 (the medium rate set by SAFE for foreign exchange transactions prevailing as at the Latest Practicable Date); and

HK\$7.7523: US\$1.00 (the exchange rate set forth in the weekly statistical release of the Federal Reserve Board of the United States on 30 May 2014).

No representation is made that any amounts in RMB, US\$ or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

### **LANGUAGE**

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

### **ROUNDING**

Certain monetary amounts included in this prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### **OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangement have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advice for details of these settlement arrangements and how such arrangements will affect their rights and interests.

### **OVER-ALLOTMENT AND STABILISATION**

In connection with the Global Offering, GF Securities, as the stabilising manager, or any person acting for it, may over-allot Shares or effect any other transactions with a view to stabilising and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the date of Listing. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action.

---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

---

In connection with the Global Offering, our Company is expected to grant to the International Placing Underwriters the Over-allotment Option, which is exercisable in full or in part by the Sole Global Coordinator (on behalf of the International Placing Underwriters) up to (and including) the date which is the 30th day after the last day for lodging applications under the Public Offer. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 15,000,000 Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, to cover over-allocations in the International Placing, if any.

Further details with respect to stabilisation and the Over-allotment Option are set out in the section headed “Structure and conditions of the Global Offering – Stabilisation and over-allotment” in this prospectus.

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Lau Hing Tat Patrick (劉興達)	Flat 19A, Block 1 Sherwood Court 18 Kwai Sing Lane Happy Valley Hong Kong	Chinese
Chan Yick Yan Andross (陳奕仁)	1/F, Block 23 Full Silver Garden Phase 2 50 Yuen Kong San Tsuen Kam Sheung Road New Territories Hong Kong	Chinese
Tian Ming (田明)	Room 402, No. 7 Lane 295, Maotai Road Changning District Shanghai China	Chinese
<i>Non-executive Directors</i>		
Michael John Erickson	Unit 1-1101, 10/F Block No. 4, Yard No. 5 West Qingnian Road Chaoyang District Beijing China	Australian
Ma Lida (馬力達)	Room 201, No. 1 Lane 600, Yan Chang Zhong Road Zhabei District Shanghai China	Chinese
Huang Yaping (黃婭萍)	Room 801 11 Yazhi Street Xin Gang Dong Road Haizhu District Guangzhou China	Chinese

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### *Independent non-executive Directors*

Tam Ip Fong Sin (談葉鳳仙)	Flat B2, 6/F Block B Ming Fai Building 36 Wharf Road North Point Hong Kong	Chinese
Wong Wang Tai (黃宏泰)	10340A Walnut CIR Cupertino, CA 95014 United States	Chinese
Wang Yuncai (王雲才)	Room 1301, No. 2 Lane 168, Benxi Road Yangpu District Shanghai China	Chinese

See “Directors, senior management and employees” for further details of our Directors and senior management.

### **PARTIES INVOLVED IN THE GLOBAL OFFERING**

<b>Sole Sponsor</b>	GF Capital (Hong Kong) Limited 29-30/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
<b>Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager</b>	GF Securities (Hong Kong) Brokerage Limited 29-30/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

### Co-Lead Managers

Industrial Securities (Hong Kong) Capital Limited  
Unit 3201, 32/F  
Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

RHB OSK Securities Hong Kong Limited  
12/F  
World Wide House  
19 Des Voeux Road Central  
Hong Kong

### Legal advisors to our Company

*as to Hong Kong law:*  
Hastings & Co.  
5th Floor, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

*as to Hong Kong law:*  
Ms. Ng Wing Shan Queenie  
*Barrister-at-law*  
Rooms 2203 A&B  
Fairmont House  
8 Cotton Tree Drive  
Central  
Hong Kong

*as to PRC law:*  
King & Wood Mallesons  
16-18 Floor, One ICC  
999 Middle Huai Hai Road  
Shanghai  
China

*as to Philippines law:*  
Angara Abello Concepcion Regala & Cruz  
22/F, ACCRALAW TOWER  
2nd Avenue Corner 30th Street  
Crescent Park West  
Bonifacio Global City, 0399 Taguig  
Metro Manila  
Philippines

---

## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

---

	<p><i>as to Cayman Islands law:</i> Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong</p>
<b>Legal advisors to the Sole Sponsor and the Underwriters</b>	<p><i>as to Hong Kong law:</i> Pang &amp; Co. in association with Loeb &amp; Loeb LLP 21/F, CCB Tower 3 Connaught Road Central Hong Kong</p> <p><i>as to PRC law:</i> Jingtian &amp; Gongcheng Suite 1202-1204, K. Wah Centre 1010 Huaihai Road (M) Xuhui District Shanghai 200031 China</p>
<b>Auditors and reporting accountants</b>	<p>Ernst &amp; Young <i>Certified Public Accountants</i> 22nd Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong</p>
<b>Property valuer</b>	<p>AVISTA Valuation Advisory Limited Suite 807, AXA Centre 151 Gloucester Road Wanchai Hong Kong</p>
<b>Receiving bank</b>	<p>The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong</p>



---

## CORPORATE INFORMATION

---

<b>Registered office</b>	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Headquarters, head office and principal place of business in Hong Kong</b>	Room 1101-2 11/F, Top Glory Tower 262 Gloucester Road Causeway Bay Hong Kong
<b>Company's website address</b>	<a href="http://www.ea-dg.com">www.ea-dg.com</a> <i>(information on this website does not form part of this prospectus)</i>
<b>Company secretary</b>	Ms. Chan Chi Hing ( <i>HKICPA, ACCA</i> ) Flat B, 32/F, Tower 2 Hoi Fai Court 2 South Horizon Drive Ap Lei Chau Hong Kong
<b>Authorised representatives</b>	Ms. Chan Chi Hing ( <i>HKICPA, ACCA</i> ) Flat B, 32/F, Tower 2 Hoi Fai Court 2 South Horizon Drive Ap Lei Chau Hong Kong  Mr. Chan Yick Yan Andross 1/F, Block 23 Full Silver Garden Phase 2 50 Yuen Kong San Tsuen Kam Sheung Road New Territories Hong Kong
<b>Alternates to authorised representatives</b>	Mr. Tian Ming Room 402, No. 7 Lane 295, Maotai Road Changning District Shanghai China

---

## CORPORATE INFORMATION

---

	Mr. Lau Hing Tat Patrick Flat 19A, Block 1 Sherwood Court 18 Kwai Sing Lane Happy Valley Hong Kong
<b>Compliance advisor</b>	GF Capital
<b>Audit committee</b>	Mr. Wong Wang Tai ( <i>Chairman</i> ) Ms. Tam Ip Fong Sin Mr. Wang Yuncai Mr. Ma Lida
<b>Remuneration committee</b>	Mr. Wong Wang Tai ( <i>Chairman</i> ) Mr. Wang Yuncai Ms. Tam Ip Fong Sin Mr. Chan Yick Yan Andross
<b>Nomination committee</b>	Mr. Lau Hing Tat Patrick ( <i>Chairman</i> ) Mr. Wang Yuncai Ms. Tam Ip Fong Sin
<b>Principal Share Registrar in the Cayman Islands</b>	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Hong Kong Share Registrar</b>	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal banks</b>	The Bank of East Asia (China) Limited (Xujiahui Sub-Branch) No. 396 Nandandong Road Xuhui District Shanghai China (中國上海市徐匯區南丹東路396號)

---

## CORPORATE INFORMATION

---

Industrial Bank Co., Ltd. (Shanghai South Bund Branch)  
No. 584 Zhizaoju Road  
Huangpu District  
Shanghai  
China  
(中國上海市黃埔區制造局路584號)

The Hongkong and Shanghai Banking Corporation  
Limited (Causeway Bay Branch)  
1/F, Causeway Bay Plaza 2  
463-483 Lockhart Road  
Hong Kong

The Bank of East Asia, Limited  
(Shek Tong Tsui Branch)  
Shop I & J, G/F, Sun On Building  
484-496 Queen's Road West  
Shek Tong Tsui  
Western District  
Hong Kong

---

## INDUSTRY OVERVIEW

---

*The information in the section below has been partly derived from various publicly available government sources, market data providers and other independent third party sources. In addition, this section and elsewhere in the prospectus contains information extracted from a commissioned report, or the Ipsos Report, prepared by Ipsos for the inclusion in this prospectus. See paragraph headed “Sources of Information” below in this section. We believe that the sources of information of this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any party involved in the Global Offering and no representation is given to its accuracy, other than Ipsos with respect to the information contained in the Ipsos Report.*

### SOURCES OF INFORMATION

We commissioned Ipsos, an independent market research company, to conduct an analysis of, and to report on the landscape architecture service industry in the PRC and Hong Kong for a fee of HK\$399,800. We considered that the payment of the fee does not affect the fairness of conclusions drawn in the Ipsos Report. The information and statistics set forth in this section have been extracted from the report issued by Ipsos, or the Ipsos Report. Ipsos is an independent market research company and consulting company. It is part of Ipsos SA which was founded in Paris, France in 1975 and has been listed on the Paris stock exchange (NYSE Euronext Paris) since 1999. In October 2011, Ipsos SA acquired Synovate Limited and has become the third largest research company in the world which employs approximately 16,000 personnel worldwide across 85 countries. Ipsos conducts research on market profiles, market size, share and segmentation analysis, distribution and value analyses, competitor tracking and corporate intelligence.

The information contained in the Ipsos Report is derived by means of data and intelligence gathering which include: (i) desktop research; (ii) client consultation; and (iii) primary research by interviewing industry experts, such as landscape architects and academics, key competitors, clients of landscape architecture services, etc., in the PRC and Hong Kong.

In the Ipsos Report, the following assumptions are adopted:

- the economy is assumed to maintain a steady growth across the forecast period;
- it is assumed that there is no external shock, such as financial crisis which will affect the demand and supply of landscape architecture services in the PRC and Hong Kong during the forecast period;
- the demand for landscape architecture services in the PRC and Hong Kong is assumed to be stable with more market players entering the market; and
- it is estimated that 2% of the total investment in property development in the PRC is dedicated to landscape architecture where the actual construction will take most of the spending, and out of the 2% of the total investment dedicated to landscape architecture, the proportion paid to landscape architecture service providers is about 5% to 10%.

---

## INDUSTRY OVERVIEW

---

The following parameters are considered when analysing the market size and forecast model of the Ipsos Report:

- GDP growth and inflation growth rate in the PRC and Hong Kong from 2008 to 2013;
- number of completed buildings for commercial, residential, public areas in the PRC and Hong Kong from 2008 to 2013;
- sales value or investment value of commercial and residential properties in the PRC and Hong Kong from 2008 to 2013;
- growth in the spending on urban planning or development in the PRC and Hong Kong from 2008 to 2013;
- historical urbanisation rate in the PRC from 2008 to 2013;
- historical inflation rate in Hong Kong from 2008 to 2013; and
- growth in the spending on infrastructure and environment in the PRC and Hong Kong from 2008 to 2013.

### **RELIABILITY OF INFORMATION IN THE IPSOS REPORT**

We are of the view that sources of information used in this section are reliable as the information was extracted from the Ipsos Report. We believe that the Ipsos Report is reliable and not misleading as Ipsos is an independent reputable professional research agency with extensive experience in their profession.

### **FUTURE FORECAST IN THE IPSOS REPORT**

Some of the analytical conclusions extracted from the Ipsos Report cover future forecasts. The Sole Sponsor and we consider such information to be reliable, accurate and not misleading after taking into account the following factors:

- (a) Ipsos is an independent reputable professional research agency with extensive experience in their profession;
- (b) the reports prepared by Ipsos are commonly used in the landscape architecture service industry; and
- (c) although the Ipsos Report constitutes forecast of the development of the landscape architecture service industry in the PRC and Hong Kong, it does not contain performance forecast of our Company in the future.

Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of the relevant data in the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

---

## INDUSTRY OVERVIEW

---

### LANDSCAPE ARCHITECTURE SERVICE INDUSTRY

Landscape architecture is the design of outdoor environment and the integration of plants, structures, and other auxiliary items in the design, while accounting for environmental, social, aesthetic outcomes. It generally entails landscape assessment and planning, detailed landscape design, landscape construction documentation and landscape construction inspection and review. These services may apply to different types of projects covering infrastructure and public open space, tourism and hotels, residential development, and commercial and mixed-use development.

The following table sets forth the type and description of the landscape architecture services involved in the landscape architecture service industry:

<b>Type of landscape architecture services</b>	<b>Description of the landscape architecture services</b>
Landscape assessment and planning (景觀評估和規劃)	– A systematic analysis on a large-size area of land and the visual quality of the landscape, based on the foundation of ecology and natural sciences
Detailed landscape design (細部景觀設計)	– A more detailed design process which involves concept development, the production of feasible master plans, schematic design plans, design development drawings and final construction plans
Landscape construction documentation (景觀施工文件)	– The delivery of construction drawings and specifications, with technical information on construction guidance and expected standards of quality
Landscape construction inspection and review (景觀施工監理及審查)	– Supervision of the whole construction process of the landscape architecture project. Site visits would be usually conducted to monitor the work progress and to ensure compliance with the client's specifications, work schedule and all applicable statutory requirements

*Sources: Chinese Society of Landscape Architecture; American Society of Landscape Architects*

---

## INDUSTRY OVERVIEW

---

### LANDSCAPE ARCHITECTURE SERVICE INDUSTRY IN THE PRC

#### Landscape architecture services in the PRC

##### *Qualifications*

There is mainly one qualification standard for landscape architecture service providers in the PRC, namely “Specific Landscape Engineering Design Qualification Standard (風景園林工程設計專項資質標準)” (“**Specific Standard**”). As issued by MOHURD under the Notice on Printing and Distributing the Standards on Engineering Design Qualification (關於印發《工程設計資質標準》的通知), the qualification is further divided into Category A Qualification and Category B Qualification.

The following table sets forth the category of the qualification, description of the standard of the qualification and the number of service providers having the qualification as at 31 December 2013:

Category of qualification	Description of the standard of the qualification	Number of service providers
Category A Qualification	<ol style="list-style-type: none"><li>1. Qualification<ul style="list-style-type: none"><li>– An independent legal entity</li><li>– With a minimum registered capital of RMB3 million</li><li>– Having completed at least five medium-scale landscape design engineering projects or at least three large-scale landscape design engineering projects</li></ul></li><li>2. Technical conditions<ul style="list-style-type: none"><li>– Equipped with personnel and equipment meeting the standard and quantity as set out in the Specific Standard</li><li>– With chief designers or chief engineers who (i) possess university degrees; (ii) have more than 10 years of experience in landscape design; (iii) hold senior professional titles; and (iv) have managed not less than three medium-scale landscape architecture projects, with two of which being large-scale landscape architecture projects</li><li>– With unregistered technical personnel who (i) hold intermediate professional titles; and (ii) have presided in not less than two medium-scale landscape architecture projects, with one of which being large-scale landscape architecture project</li></ul></li><li>3. Technical equipment and management requirements<ul style="list-style-type: none"><li>– Equipped with the necessary technical equipment and fixed workplace</li><li>– Having established systematic corporate management system, standard and quality management systems and documentation system</li></ul></li><li>4. Authorised scope<ul style="list-style-type: none"><li>– Allowed to undertake any type or size of landscape architecture projects</li></ul></li></ol>	222

---

## INDUSTRY OVERVIEW

---

Category of qualification	Description of the standard of the qualification	Number of service providers
Category B Qualification	<ol style="list-style-type: none"> <li>1. Qualification               <ul style="list-style-type: none"> <li>- An independent legal entity</li> <li>- With a minimum registered capital of RMB1 million</li> </ul> </li> <li>2. Technical conditions               <ul style="list-style-type: none"> <li>- Equipped with personnel and equipment meeting the standard and quantity as set out in the Specific Standard</li> <li>- With chief designers or chief engineers who (i) possess university degrees; (ii) have more than eight years of experience in landscape design; (iii) hold intermediate professional titles; and (iv) have presided in not less than two medium-scale landscape architecture projects</li> <li>- With unregistered technical personnel who (i) hold intermediate professional titles; and (ii) have presided in at least two medium-scale landscape architecture projects</li> </ul> </li> <li>3. Technical equipment and management requirements               <ul style="list-style-type: none"> <li>- Equipped with the necessary technical equipment and fixed workplace</li> <li>- Having established systems in managing technical, operational, human resources, financial and documentation issues</li> </ul> </li> <li>4. Authorised scope               <ul style="list-style-type: none"> <li>- Any landscape architecture projects with investment amount not exceeding RMB20 million</li> </ul> </li> </ol>	1,403

We obtained Category B Qualification from the Shanghai Urban Construction and Communication Commission on 21 March 2012. As advised by our PRC Legal Advisors, with the relevant Specific Landscape Engineering Design Qualification, our service scope is therefore expanded to undertake construction engineering design services with the endorsement of construction documentation to submit to the competent government authorities. Please refer to the section headed “Business – Our principal business” in this prospectus for details.

### ***Market of the landscape architecture service industry in the PRC***

The total revenue of landscape architecture service industry during the period from 2008 to 2013 grew at a CAGR of approximately 26.9% from approximately HK\$10.4 billion in 2008 to approximately HK\$34.2 billion in 2013. The growth in the total revenue was mainly attributable to the strong growth of revenue generated by infrastructure and public open space projects in the PRC. The share of total revenue of landscape architecture service industry attributable to infrastructure and public open space projects was approximately HK\$23.1 billion for the year ended 31 December 2013, representing approximately 67.5% of the total revenue of landscape architecture service industry for the year.



## INDUSTRY OVERVIEW

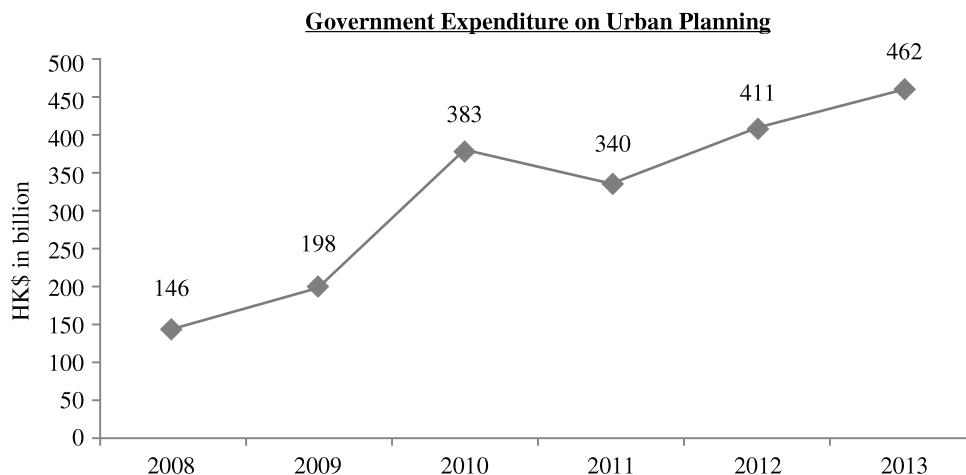
Year	Infrastructure and Public				Commercial and Mixed-use				Total	
	Tourism and Hotels		Open Spaces		Residential Development		Development			
	Revenue (HK\$ billion)	Share of total revenue (%)	Revenue (HK\$ billion)	Share of total revenue (%)	Revenue (HK\$ billion)	Share of total revenue (%)	Revenue (HK\$ billion)	Share of total revenue (%)	Revenue (HK\$ billion)	Share of total revenue (%)
2008	0.6	5.6%	6.5	61.9%	3.1	30.1%	0.3	2.4%	10.4	100.0%
2009	0.7	4.8%	9.0	66.2%	3.6	26.6%	0.3	2.3%	13.7	100.0%
2010	0.9	3.2%	21.5	77.6%	4.9	17.7%	0.4	1.5%	27.6	100.0%
2011	0.7	2.9%	16.8	67.7%	6.7	26.9%	0.6	2.4%	24.8	100.0%
2012	0.9	2.9%	20.6	69.0%	7.6	25.5%	0.8	2.6%	29.9	100.0%
2013	1.0	2.9%	23.1	67.5%	9.1	26.7%	1.0	3.0%	34.2	100.0%
CAGR 2008-2013(%)	10.6%		28.8%		24.1%		27.2%		26.9%	
2014F	1.1	2.9%	25.4	66.8%	10.3	27.1%	1.2	3.2%	38.1	100.0%
2015F	1.2	2.9%	28.2	66.1%	11.8	27.6%	1.5	3.5%	42.7	100.0%
2016F	1.4	2.9%	31.3	65.4%	13.4	28.0%	1.8	3.7%	47.9	100.0%
2017F	1.6	2.9%	34.4	64.6%	15.2	28.4%	2.1	4.0%	53.3	100.0%
2018F	1.8	2.9%	39.1	63.9%	17.7	28.9%	2.6	4.3%	61.2	100.0%
CAGR 2014F-2018F(%)	13.1%		11.4%		14.5%		21.3%		12.6%	
CAGR 2008-2018F(%)	11.9%		19.7%		18.8%		24.1%		19.3%	

*Source: Historical data of 2008 to 2013 from National Bureau of Statistics of China and forecast data of 2014F to 2018F from Ipsos research and analysis*

The growth in the revenue generated from infrastructure and public open space projects was a result of the promulgation of greening policies by the PRC Government and the urbanisation in the PRC. The Urban Greening Regulation of the PRC (城市綠化條例), the first law which regulated the management of the landscape architecture service industry in the PRC, was issued by the State Council of the PRC in 1992. It promoted urban greening and advance technology on urban greening and established a qualification system for the provision of landscape architecture services. The Guidance on the Promotion of Healthy Development of Urban Landscape (關於促進城市園林綠化事業健康發展的指導意見) promulgated by MOHURD in November 2012 further required the greening ratios of developed areas to increase to 35% and 31% respectively in accordance with the Grade I and Grade II national standards as stipulated under the Urban Landscape Evaluation Standard (城市園林綠化評估標準) by 2020. In 2012, only approximately 30% of the cities in the PRC had met the national standards. In order to meet the PRC statutory standards, government spending in relation to environmental protection and greening has increased over the years and continual growth is expected.

In addition to the favourable government policies, another driving factor is the increased government expenditure on urban planning which would include infrastructure and public open spaces projects, municipal projects, and tourism infrastructure projects. The total government expenditure on urban planning increased from approximately HK\$146.0 billion in 2008 to approximately HK\$462.0 billion in 2013, at a CAGR of approximately 25.9%.

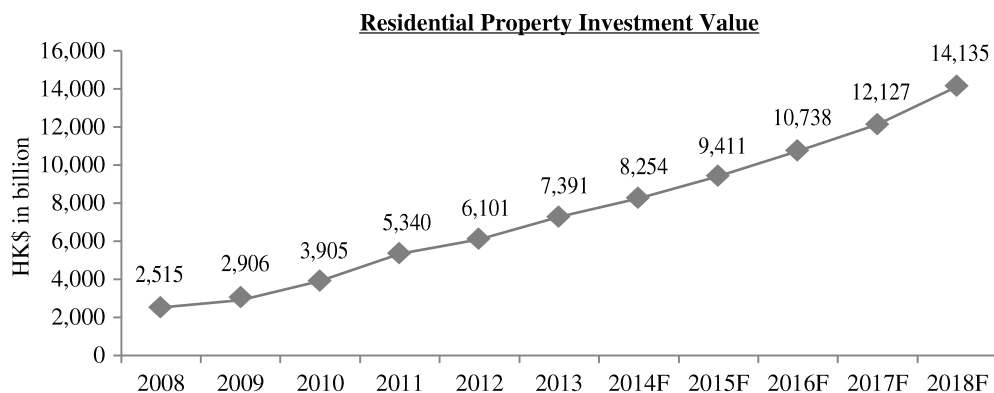
## INDUSTRY OVERVIEW



*Source: Historical data of 2008 to 2013 from National Bureau of Statistics of China; Ipsos research and analysis*

*Note:* Government expenditure on urban planning includes infrastructure and public open spaces projects, municipal projects and tourism infrastructure projects in the PRC.

The rapid development of the residential property market and the commercial property market in the PRC had also been the market drivers for the continual growth in the demand for landscape architecture services. Residential development projects had been the second largest revenue-generating type of landscape architecture project from 2008 to 2013, while the revenue generated from commercial and mixed-use development projects had recorded the second highest CAGR of approximately 27.2% from 2008 to 2013.

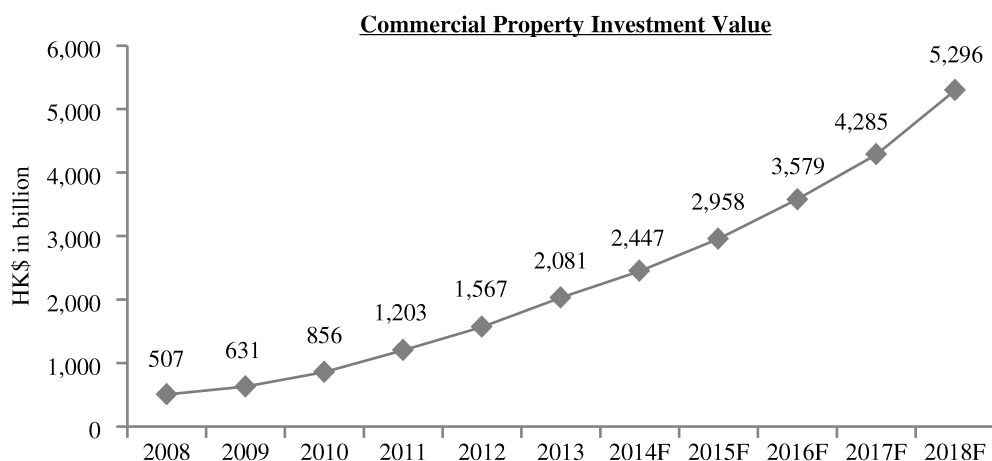


*Source: Historical data of 2008 to 2013 from National Bureau of Statistics of China; forecast data of 2014F to 2018F from Ipsos research and analysis*

---

## INDUSTRY OVERVIEW

---



*Source: Historical data of 2008 to 2013 from National Bureau of Statistics of China; forecast data of 2014F to 2018F from Ipsos research and analysis*

Reflected in the revenue growth generated from the residential development projects and the commercial and mixed-use development projects of the landscape architecture service industry, the total investment value of the residential property market increased at a CAGR of approximately 24.1% from 2008 to 2013, while the total investment value of the commercial property market increased at a CAGR of approximately 32.6% from 2008 to 2013.

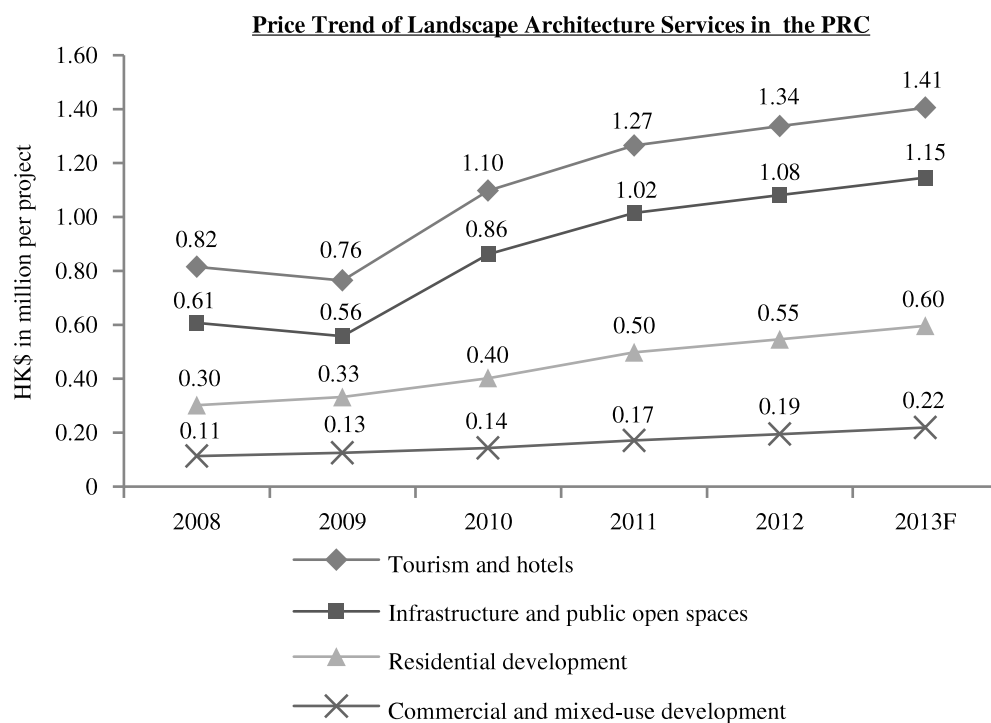
The PRC Government has been regulating the residential property market by suppressing investment demand, while promoting end-user demand and supporting the related supply in cities with total population of over ten million people. As a result, the effect of the property control measures would be offset by the continuous rising demand for residential properties, with an estimated CAGR of approximately 14.5% from 2014 to 2018 for the total investment value of residential property market. On the other hand, since the commercial property market was not targeted by the property price control policies of the PRC Government, the total investment value of commercial property market is expected to grow with an estimated CAGR of approximately 21.3% from 2014 to 2018. This growth is to be sustained by the GDP growth in the PRC and the higher return on investment in commercial properties, leading to the shift in investment from residential properties to commercial properties.

As a result of the foregoing, it is anticipated that the total revenue of the landscape architecture service industry would increase from approximately HK\$38.1 billion in 2014 to approximately HK\$61.2 billion in 2018. The dominant type of revenue-generating project would remain to be the residential development projects and infrastructure and public open spaces projects for the period from 2014 to 2018, while commercial and mixed-use development projects are expected to record the highest CAGR among all other project types, with an estimate CAGR of approximately 21.3% from 2014 to 2018, in line with the growth of the total investment value of commercial property market over the same period.

As driven by the demand for landscape architecture services in the PRC, the price of landscape architecture services has been on an upward trend. A drastic increase of approximately 44.7% and approximately 53.6% from 2009 to 2010 in the price for the provision of landscape architecture services in

## INDUSTRY OVERVIEW

relation to tourism and hotels projects, and infrastructure and public open spaces projects, respectively, was primarily attributable to the economic stimulus measures undertaken by the PRC Government in response to the global financial crisis and economic downturn in 2008 and 2009.



*Source: Historical data of 2008 to 2012 from National Bureau of Statistics of China; forecast data of 2013F from Ipsos research and analysis*

### **Competitive analysis of the landscape architecture service industry in the PRC**

The higher end of the landscape architecture service industry in the PRC is dominated by landscape architecture service providers with non-Chinese background usually with international experience. With their sizeable operational scale and stronger financial strength, landscape architecture service providers with non-Chinese background are usually engaged in more advanced tourism and hotels projects, commercial and mixed-use development projects and residential development projects of higher value, which generally entail higher complexity and capital commitments.

For the year ended 31 December 2013, it is estimated that there were over 6,000 landscape architecture service providers in the PRC. While there were approximately 1,625 landscape architecture service providers with the Specific Landscape Engineering Design Qualification, over 5,000 were without the relevant qualification.

Landscape architecture service providers with strong design and artistic capabilities as reflected by its track record, renowned projects and architectural awards, strong brand recognition and reputation as well as well-established long-term relationships with governments and property developers, enjoy competitive advantage of having more information and opportunities to obtain contracts.

---

## INDUSTRY OVERVIEW

---

The following table sets forth the rankings and other information of the landscape architecture service providers in the PRC in terms of revenue generated from projects located in the PRC for the year ended 31 December 2013:

Rank	Name of Company	Headquarter/ Base Location	Revenue for projects located in the PRC in 2013 (HK\$ million)	Share of Total Industry Revenue (%)	Key Service Area and Scope
1	Company A	Beijing	348.0	1.0%	Landscape design and construction
2	Company B	Los Angeles	324.0	1.0%	Landscape architecture and engineering
3	Company C	Honolulu	296.0	0.9%	Landscape design
4	Company D	Guangzhou	253.0	0.7%	Landscape design and construction
5	Company E	Guangzhou	210.0	0.6%	Landscape design and construction
	Others		32,801.0	95.8%	
	Total		34,232.0	100.0%	

*Source: Landscape architecture service providers' annual reports; Ipsos research and analysis*

### ***Prospects of the landscape architecture service industry in the PRC***

According to the Ipsos Report, various factors will stimulate the growth of the landscape architecture service industry. Firstly, the growing urbanisation has been one of the key drivers for continuous investment in public infrastructure and both residential and commercial properties, which affects the demand for landscape architecture services. Urbanisation rates have increased from approximately 47.0% in 2008 to approximately 53.7% in 2013, and is expected to grow to approximately 60.4% in 2018, in particular with the announcement of the Further Promotion of the Economy of the Western Regions in the Twelfth Five-Year Plan which aimed at developing and thus raising the urbanisation rate in the Western region. Secondly, there were greater emphasis on landscape architecture in the property projects during the property market downturn in the PRC. The property developers tend to launch more luxurious property projects with high quality to stimulate sales especially for the Shanghai property market. In order to attract more potential buyers, the property developers intend to place emphasis on landscape architecture with higher standard with more artistic concerns to improve the overall quality of property projects and therefore increase their sales value. Thirdly, regulations and policies issued by the PRC Government, such as the Notice on Strengthening Urban Greening issued in 2011 and the Guidance on the Promotion of Healthy Development of Urban Landscape issued in 2012 which focus on the improvement of urban greening, favour the development of the landscape architecture service industry.

### ***Entry barriers and threats of the landscape architecture service industry in the PRC***

There are two key barriers entering into the landscape architecture service market in the PRC, namely, qualification requirements and the lack of qualified landscape architects.

---

## INDUSTRY OVERVIEW

---

### *Qualification requirements*

According to the Ipsos Report, MOHURD of the PRC has issued explicit regulations to strictly control the qualifications of landscape architecture service providers which form a barrier for new entrants entering into this new market in the PRC.

### *Lack of qualified landscape architects*

Landscape architecture service industry is a service industry which relies on experienced qualified professionals. Landscape architects with experience of at least eight years are required as one of the technical requirements in order for a landscape architecture service provider to hold a Category B Qualification. Accordingly, the shortage of experienced landscape architects forms part of the market barrier for new entrants without sufficient expertise.

There are also threats in relation to the development of the landscape architecture service industry in the PRC.

### *Restricted policies on the residential property market*

As the growth of the landscape architecture service industry is partly driven by the residential property market, the conservative policies and property price control measures introduced by the PRC Government might affect the growth and development of the landscape architecture service industry in the PRC.

### *Intensifying competition*

The market competition intensifies as the number of landscape architecture service providers increases. Price competition may lower the profit return of landscape architecture service providers and possibly the quality of the landscape architecture service provided, affecting the sustainable development of the industry.

## **LANDSCAPE ARCHITECTURE SERVICE INDUSTRY IN HONG KONG**

### **Landscape architecture services in Hong Kong**

#### *Qualifications*

In Hong Kong, a landscape architect must be registered under the Landscape Architects Registration Ordinance, regulated by the Landscape Architects Registration Board.

For a landscape architecture practice, there is no statutory requirement in Hong Kong governing its establishment. However a landscape architecture service company may apply for inclusion in the List of Registered Practices under HKILA.

---

## INDUSTRY OVERVIEW

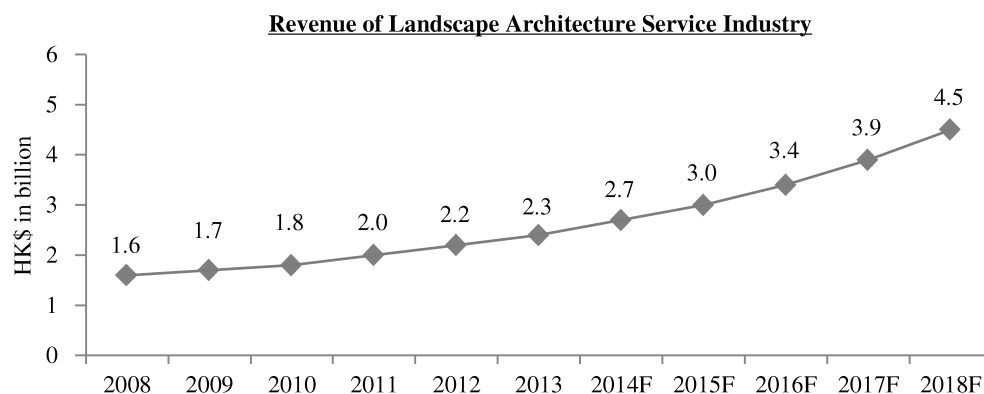
---

In order to be eligible to bid for Hong Kong Government projects, a landscape architecture service provider must also be part of the List of Consultants maintained by the AACSB. As at 31 December 2013, there are seven landscape architecture service providers in Hong Kong included in the List of Consultants.

For details about the standard of registrations and qualifications, please refer to the section headed “Regulatory Overview” in this prospectus.

### ***Market of the landscape architecture service industry in Hong Kong***

The total revenue of landscape architecture service industry in Hong Kong grew at a CAGR of approximately 7.5% from approximately HK\$1.6 billion in 2008 to approximately HK\$2.3 billion in 2013. The growth in the total revenue was mainly attributable to the strong growth in the government spending on urban development in Hong Kong. The total government spending on urban development increased from approximately HK\$17.2 billion in 2008 to approximately HK\$53.9 billion in 2013, with a CAGR of approximately 25.7% over the period.



*Source: Ipsos research and analysis*

While there had been a decrease in the sales value of residential properties in Hong Kong since 2011 due to the property price measures introduced by the Hong Kong Government, it is anticipated the demand for residential properties would remain strong due to insufficient residential property supply. According to the Public Consultation on Long Term Housing Strategy conducted by the Hong Kong Government in September 2013, the Hong Kong Government aimed to increase private residential property supply from approximately 10,145 units in 2012 to approximately 20,000 units annually by 2016. Furthermore, in the policy address of 2013/2014, the Hong Kong Government intended to adopt a total of approximately 447,000 new residential units as the new supply target in the next ten years.

As a result of the foregoing, it is anticipated that the total revenue of the landscape architecture service industry in Hong Kong would increase from approximately HK\$2.7 billion in 2014 to approximately HK\$4.5 billion in 2018, with a CAGR of approximately 13.6%.

---

## INDUSTRY OVERVIEW

---

### *Competitive analysis of the landscape architecture service industry in Hong Kong*

The landscape architecture service industry in Hong Kong is fragmented with different types of landscape architecture service providers, ranging from sole practitioners, service providers with a team of less than 10 members to service providers with specialised project teams, among which less than 20 companies are registered under HKILA and the remaining being non-registered practices with multi-disciplines.

The following table sets forth the common landscape architecture services offered in Hong Kong:

<b>Type of landscape architecture service</b>	<b>Description of the service</b>
Integrated development	Public open space and urban landscape renewal planning design which defines the shape of the city while integrating ecological sustainability. Examples include planning and designing on a regional or city-wide scale, combining open space, water system, nightscape, lighting system design and green space
Natural park, tourism infrastructure and recreational landscape design	Planning and design of tourist destinations, theme parks, parks, hotels, botanical gardens, arboretum, greenways, nature reserve, aquatic system and historical heritages
Residential and commercial developments landscape design	Landscape planning for commercial (offices and shopping malls) and residential property projects, providing each project with a theme, signature design and visual impression
Others	School campuses and industrial park landscape design

### *Prospects of the landscape architecture service industry in Hong Kong*

The increasing supply of residential property projects, government development plan for public infrastructures and the rapid growth in demand for landscape architecture services in the PRC would be the key market drivers for the landscape architecture service industry in Hong Kong. The Census and Statistics Department of Hong Kong Government estimated the population in Hong Kong to reach approximately 8.6 million by 2036. Accordingly, the increasing population would drive up the demand for residential properties, leading to the continuous increase in demand for landscape architecture services in Hong Kong in the future as property developers are increasing their investment in landscape architecture to enhance the sales value of their property projects. The policies and measures introduced by the Hong Kong Government on enhancing the living environment, together with the launching of public infrastructure projects would also provide opportunities for the landscape architecture service industry. As most of the landscape architecture services providers in Hong Kong also undertake projects in China, the expansion of the landscape architecture service industry in the PRC is therefore expected to bring business opportunities to landscape architecture service providers in Hong Kong.



---

## INDUSTRY OVERVIEW

---

### *Entry barriers and threats of the landscape architecture service industry in Hong Kong*

There are two key barriers to enter into the landscape architecture service market in Hong Kong, namely, qualification requirements and the difficulty of building business relationships with property developers. The landscape architecture service industry is one of the specialised industries in Hong Kong which required registered qualifications in order to provide such service. Well-established landscape architecture service providers in the market may already have strong business relationships with the major property developers in Hong Kong so that they would have a better access to information and opportunities to obtain contracts.

Financial crisis and the lack of qualified landscape architects are also some of the major threats to the development of the landscape architecture service industry in Hong Kong. The landscape architecture service industry in Hong Kong is closely connected to the development of the property market and construction industry, which in turn is closely associated with the economic cycle. In case of a downturn of economic cycle, the number of property projects and the budget of each of the property projects may be reduced, affecting the growth of landscape architecture service industry in Hong Kong. Landscape architecture service industry is a service industry which relies on experienced qualified professionals. As at 30 January 2014, there were only approximately 139 registered landscape architects in Hong Kong. In case the growth of the number of experienced qualified landscape architects fails to keep up with the demand, the development of landscape architecture service industry in Hong Kong would be affected.

---

## REGULATORY OVERVIEW

---

### OVERVIEW

During the Track Record Period, the business activities of our Group were principally based in the PRC and Hong Kong with a back-office in the Philippines and were therefore subject to the relevant laws and regulations in the PRC, Hong Kong and the Philippines.

This section sets out summaries of certain aspects of the PRC, Hong Kong and the Philippines laws and regulations, which are relevant to our Group's business operations.

### THE PRC

#### Major Laws and Regulations on Construction Engineering Design

Pursuant to the Construction Law of the PRC (中華人民共和國建築法, the “**Construction Law**”) promulgated on 1 November 1997 and amended on 22 April 2011, construction enterprises, reconnaissance companies, design companies and project supervisory companies shall possess registered capital required by national regulations, professional and technical staff with statutory practising qualifications specific to the construction activities engaged and requisite technical equipment for the relevant construction activities, and may not engage in construction activities within the scope of their qualification class before passing qualification examinations and obtaining appropriate qualification certificates.

Pursuant to the Administrative Rules on Construction Engineering Quality (建設工程質量管理條例) promulgated on 30 January 2000, reconnaissance and design companies engaged in construction project services shall obtain appropriate qualification certificates according to laws and undertake project services within the scope of their qualification class. A reconnaissance or design company is prohibited to undertake projects beyond the scope of its qualification class or in the name of other reconnaissance or design company. A reconnaissance or design company is prohibited to allow other companies or individuals to undertake projects under its name.

Pursuant to the Administrative Rules on Construction Engineering Reconnaissance and Design (建設工程勘察設計管理條例) promulgated on 25 September 2000, construction engineering reconnaissance and design services shall be contracted through a tendering process in accordance with the Tender Law of the PRC (中華人民共和國招投標法). Pursuant to the Tender Law of the PRC (中華人民共和國招標投標法), which was promulgated on 30 August 1999 and became effective from 1 January 2000, and the Implementation Rules of the Tender Law of the PRC (中華人民共和國招標投標法實施條例), which were promulgated on 20 December 2011 and became effective from 1 February 2012, a tendering process is required for design services relating to social and public benefits and public securities, projects financed wholly or partly with state-owned funds or by state financing, and projects financed with funds from an international organisation or loans or aiding funds from foreign governments as well as purchase of important equipment and materials related to the construction projects, subject to the contract sum and project size as specified by relevant rules and regulations.

---

## REGULATORY OVERVIEW

---

The Administrative Regulations on Foreign-invested Construction Engineering Design Enterprises (外商投資建設工程設計企業管理規定) were promulgated on 27 September 2002 and became effective from 1 December 2002, in order to regulate the foreign-invested construction engineering design industry. Pursuant to the regulations, the application and approval procedures for establishment and qualifications of foreign-invested construction engineering design enterprises are subject to grading and classification management. To apply for the establishment of a foreign-invested construction engineering design enterprise with grade A of construction engineering design qualification and category A or category B of other construction design qualifications, its application shall be reviewed and approved by the foreign trade and economic administrative authorities under the State Council, and its qualifications shall be reviewed and approved by the construction administrative authorities under the State Council. To apply for the establishment of a foreign-invested construction engineering design enterprise for category B of construction engineering design qualification and category C or below of other construction engineering design qualifications, its application shall be reviewed and approved by the foreign trade and economic administrative authorities under the people's governments of provinces, autonomous regions and municipalities, and its qualifications shall be reviewed and approved by the construction administrative authorities under the people's governments of provinces, autonomous regions and municipalities. Pursuant to the Supplementary Provisions of the Administrative Regulations on Foreign-invested Construction Engineering Design Enterprises promulgated on 19 December 2003, the Administrative Regulations on Foreign-invested Construction Engineering Design Enterprises and relevant administrative requirements on qualifications of construction engineering design enterprises are applicable for establishment of a construction engineering design enterprise in Mainland China as invested by services providers based in Hong Kong and Macau and the application of its qualifications. On 5 January 2007, the Implementation Rules of the Administrative Regulations on Foreign-invested Construction Engineering Design Enterprises (外商投資建設工程設計企業管理規定實施細則) were promulgated, which detailed the requirements on investors and track records of foreign-invested construction engineering design enterprises.

On 22 January 2006, the Notice of the Ministry of Commerce on Appointing Provincial Commerce Administrative Authorities for Approval and Administration of Foreign-invested Construction Engineering Design Enterprises (商務部關於委託省級商務主管部門審核管理外商投資建設工程設計企業的通知) was issued. On 29 March 2006, the Notice of the Ministry of Construction on Cooperating with Commerce Administrative Authorities in Improving Establishment Administration on Foreign-invested Construction Enterprises and Construction Engineering Design Enterprises (建設部關於配合商務主管部門做好外商投資建築業企業、建設工程設計企業設立管理的通知) was issued by MOHURD, pursuant to which the application procedures for category A and category B of construction engineering design qualification shall be based on the consultation sought by provincial commerce administrative authorities from construction administrative authorities at the same level, instead of the consultation sought by the Ministry of Commerce from MOHURD as previously required.

Pursuant to the Administrative Regulations on Construction Engineering Reconnaissance and Design Qualification (建設工程勘察設計資質管理規定) which were promulgated on 26 June 2007 and became effective from 1 September 2007, engineering design qualifications are classified into integrated engineering design qualification, industry engineering design qualification, professional engineering design qualification and specific engineering design qualification. An enterprise with specific engineering design qualification, which is classified into categories A and B, may undertake the specific engineering design business corresponding to its category. Engineering design qualifications of Category B (excluding those for railway,

---

## REGULATORY OVERVIEW

---

transportation, hydraulic engineering, information industry, civil aviation and other industries) and below shall be granted by construction administrative authorities under the people's governments of provinces, autonomous regions and municipalities.

On 29 March 2007, MOHURD issued the Notice on Printing and Distributing the Standards on Construction Engineering Design Qualification (關於印發《工程設計資質標準》的通知), which sets out, among others, the types of construction engineering design, staffing of major professional and technical staff and classification of scale in relation to construction engineering design services in all 21 sectors. The standards have four sub-standards, namely, integrated engineering design qualification, industry engineering design qualification, professional engineering design qualification and specific engineering design qualification.

The specific engineering design qualification, including Specific Landscape Engineering Design Qualification, is required for undertaking design business for the stipulated construction projects. Specific Landscape Engineering Design Qualification is classified as Category A Qualification and Category B Qualification. An enterprise with Category A Qualification may undertake specific landscape engineering design without restriction over project type or scale, whilst an enterprise with the Category B Qualification may undertake landscape engineering design services for landscape architecture projects with investment amount below RMB20 million.

Pursuant to the Interim Administrative Provisions on Construction Engineering Design Activities Engaged by Foreign Enterprises in the PRC (關於外國企業在中華人民共和國境內從事建設工程設計活動的管理暫行規定) which were promulgated on 10 May 2004 and became effective from 10 June 2004, any foreign enterprises are allowed to engage in schematic design activities prior to preliminary design (or basic design). To undertake engineering design for constructions in the PRC, a foreign enterprise shall cooperate with at least one Chinese design enterprise (“**Chinese design enterprise**”) with the construction engineering qualification certified by the construction administrative authorities, subject to the scope of qualification of that Chinese design enterprise. Such a requirement, however, does not apply to schematic design.

### **Company Law**

Companies with limited liability and joint stock companies with limited liability established and operating in the PRC are governed by the Company Law of the PRC (中華人民共和國公司法, the “**Company Law**”) promulgated on 29 December 1993 which became effective from 1 July 1994. The Company Law shall also apply to foreign-invested limited liability companies. Where there are stipulations provided in the Company Law, such provisions shall apply; and where there are no specific provisions in the Company Law, the review and approval procedures are subject to the existing regulations and regulatory documents governing foreign investment.

---

## REGULATORY OVERVIEW

---

On 28 December 2013, the decision on amendments to the Company Law was considered and passed at the sixth meeting of the Standing Committee of the Twelfth National People's Congress, and the amended Company Law (the "**new Company Law**") shall become effective from 1 March 2014. The amendments to the Company Law mainly involve the following aspects:

- Change the paid-up registration system to the subscription registration system for registered capital. Save for otherwise specified by laws, administrative regulations and decisions of the State Council on paid-up registered capital of companies, the requirement that registered capital of a company shall be paid up by its shareholders (promoters) within two years from the date of establishment is revoked. The shareholders (promoters) shall agree upon their respective subscription amounts, methods and the period of validity of capital contribution, which shall be recorded in the articles of association.
- Lessen the registration requirements on registered capital. Save for otherwise specified by laws, administrative regulations and decisions of the State Council on de minimus registered capital of companies, the restriction on de minimus registered capital of RMB30,000, RMB100,000 and RMB5,000,000 respectively for company with limited liability, one-person company with limited liability and joint stock company with limited liability is revoked. For establishment of a company, the restriction on initial percentages of capital contribution by shareholders (promoters) is removed; and the restriction on the percentages of capital contribution in cash by shareholders (promoters) is removed.
- Simplify registration entries and documents. For a company with limited liability, the subscription amounts of capital contribution by shareholders and the paid-up capital shall no longer be taken as registration entries. No capital verification report is required for registration of a company.

The establishment and operation of wholly foreign-owned enterprises are governed by the Foreign Investment Enterprise Law of the PRC (中華人民共和國外資企業法, the "**Foreign Investment Enterprise Law**"), which was promulgated on 12 April 1986 and amended on 31 October 2000, and the Implementation Rules of the Foreign Investment Enterprise Law of the PRC (中華人民共和國外資企業法實施細則, the "**Implementation Rules of the Foreign Investment Enterprise Law**"), which were promulgated on 12 December 1990 and amended on 12 April 2001 and 19 February 2014.

Pursuant to the Foreign Investment Enterprise Law and the Implementation Rules of the Foreign Investment Enterprise Law, application for the establishment of a foreign investment enterprise in the PRC must be submitted to the competent foreign economy and trade department or the authorised authority of the State Council and subject to their review and approval. Application for the establishment of a foreign investment enterprise by foreign investors should be submitted to the approving authority through the local people's government at the county level or above at the place where the proposed foreign investment enterprise is located, together with such documentations as a letter of application, the articles of association and a list of legal representatives (or candidates of the board of directors) of the foreign investment enterprise, legal identification documents and qualification evidences of foreign investors.

---

## REGULATORY OVERVIEW

---

Investments in the PRC by foreign investors and foreign investment enterprises are regulated by the Industry Guidance Catalogue of Foreign Investments (外商投資產業指導目錄) (the “**Catalogue**”) which was promulgated. As promulgated on 20 June 1995 and amended in 1997, 2002, 2004, 2007 and 2011, the Catalogue is a longstanding tool that PRC policymakers have used to manage and direct foreign investment. According to the prevailing Catalogue which was promulgated on 24 December 2011 and became effective from 30 January 2012, industries are divided into four basic categories: “encouraged”, “restricted”, “prohibited” and “allowed” (not specified in the Catalogue). Our Group’s business falls into the “allowed” industries for foreign investment.

### **Taxation**

#### ***Income Tax***

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) which was promulgated on 16 March 2007 and became effective from 1 January 2008, the income tax rate for both domestic and foreign-invested enterprises is 25% commencing from 1 January 2008. In order to clarify certain provisions in the law, the Implementation Rules of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) were promulgated on 6 December 2007 and became effective from 1 January 2008.

#### ***Withholding Income Tax***

Pursuant to the Arrangements between Mainland China and the Hong Kong Special Administrative Region for Avoidance of Double Taxation and Prevention of Tax Evasion (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) promulgated on 21 August 2006, the applicable withholding income tax rate for any dividends declared by a Chinese company is 5% for a shareholder being Hong Kong resident holding at least 25% interest in its registered capital, or 10% for a shareholder being Hong Kong resident holding less than 25% interest in its registered capital.

#### ***Value-added Tax***

Pursuant to the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), which were promulgated on 13 December 1993, amended on 10 November 2008 and became effective from 1 January 2009, and the Implementation Rules of the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則), which were promulgated on 28 December 2008, amended on 28 October 2011 and became effective from 1 January 2009, sale of goods, processing services, repair and replacement services, and import and export of goods within the PRC are subject to payment of value-added tax (“VAT”). VAT payable is calculated as “output VAT” minus “input VAT”, and the VAT rate is 17% or in certain limited circumstances, 13%, depending on the products.

#### ***Value-added Tax in Lieu of Business Tax***

Pursuant to the Notice on Printing and Distributing the Pilot Programme for Collection of Value-added Tax in Lieu of Business Tax (關於印發《營業稅改征增值稅試點方案》的通知) (Cai Shui [2011] No. 110) (the “**Cai Shui Notice [2011] No. 110**”) promulgated on 16 November 2011, the pilot programme for collection of VAT in lieu of business tax has been carried out since 1 January 2012 in the pilot industries

---

## REGULATORY OVERVIEW

---

within the pilot regions. According to the Cai Shui Notice [2011] No. 110, in addition to the standard VAT rate of 17% and low VAT rate of 13%, two low tax rates of 11% and 6% are added. The tax rate of 6% is applicable to other modern service industries.

Pursuant to the Notice on Launching the Pilot Programme for Collection of Value-added Tax in lieu of Business Tax in Transportation and Certain Modern Services Industries in Shanghai (關於在上海市開展交通運輸業和部分現代服務業營業稅改征增值稅試點的通知) (Cai Shui [2011] No. 111) (the “**Cai Shui Notice [2011] No. 111**”) promulgated on 16 November 2011, Shanghai was included into the pilot cities for collection of VAT in lieu of business tax with effect from 1 January 2012.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Launching the Pilot Programme for Collection of Value-added Tax in lieu of Business Tax in Transportation and Certain Modern Services Industries in 8 Provinces and Municipalities Including Beijing (財政部國家稅務總局關於在北京等8省市開展交通運輸業和部分現代服務業營業稅改征增值稅試點的通知) (Cai Shui [2012] No. 71) (the “**Cai Shui Notice [2012] No. 71**”) promulgated on 31 July 2012, Beijing, Tianjin, Guangdong (including Shenzhen city), Fujian (including Xiamen city), Hubei, Jiangsu, Anhui and Zhejiang (including Ningbo city) were included into the pilot regions. In particular, Beijing should complete the migration of taxation system by 1 September 2012; Jiangsu and Anhui should complete the migration of taxation system by 1 October 2012; Fujian and Guangdong should complete the migration of taxation system by 1 November 2012; and Tianjin, Zhejiang and Hubei should complete the migration of taxation system by 1 December 2012.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Launching the Pilot Taxation Policy on Nationwide Collection of Value-added Tax in lieu of Business Tax in Transportation and Certain Modern Services Industries (財政部、國家稅務總局關於在全國開展交通運輸業和部分現代服務業營業稅改征增值稅試點稅收政策的通知) (Cai Shui [2013] No. 37) (the “**Cai Shui Notice [2013] No. 37**”) together with its appendixes which was promulgated on 24 May 2013 and became effect from 1 August 2013, the pilot policy on nationwide collection of VAT in lieu of business tax in transportation and postal industry and certain modern services, as approved by the State Council, was launched with effect from 1 August 2013, whilst the Cai Shui Notice [2011] No. 111 and the Cai Shui Notice [2012] No. 71 as well as relevant regulations shall be repealed with effect from 1 August 2013. Cai Shui Notice [2013] No.37 was later repealed by the Notice of Ministry of Finance and the State Administration of Taxation on including Railway Transportation and Postal Industry into the Pilot Taxation Policy on Nationwide Collection of Value-added Tax in lieu of Business Tax (財政部、國家稅務總局關於將鐵路運輸業和郵政業納入營業稅改徵增值稅試點的通知) (Cai Shui [2013] No. 106) effective on 1 January 2014. According to the said Cai Shui Notice [2013] No. 106, taxpayers providing services in transportation, postal industries, and certain modern service industries shall pay VAT and cease to pay business tax; and for the taxpayers who provide services in modern services industries (with the exception of leasing services on tangible movable properties), the tax rate shall be 6%.

### ***Business Tax***

Pursuant to the Interim Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例), which were promulgated on 13 December 1993, amended on 10 November 2008 and became effective from 1 January 2009, and the Implementation Rules on the Interim Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例實施細則), which were promulgated on 18 December 2008, amended on 28

---

## REGULATORY OVERVIEW

---

October 2011 and became effective from 1 January 2011, all entities and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax. The items and rates of business tax shall be implemented in accordance with the List of Items and Rates of Business Tax (營業稅稅目稅率表) attached to the regulations.

### *Urban Maintenance and Construction Tax*

Pursuant to the Notice of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Payable by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) (the “**UMCT & ES Notice**”) promulgated on 18 October 2010 and the Interim Regulations on Urban Maintenance and Construction Tax of the PRC (中華人民共和國城市維護建設稅暫行條例) promulgated on 8 February 1985 and amended on 8 January 2011, all entities and individuals liable to consumption tax, VAT and business tax within the PRC shall pay urban maintenance and construction tax. The rates of urban maintenance and construction tax shall be as follows: 7% for taxpayers in cities, 5% for taxpayers in counties or towns, and 1% for taxpayers in places other than cities, counties or towns.

### *Education Surcharge and Local Education Surtax*

Pursuant to UMCT & ES Notice and the Interim Provisions on Collection of Education Surcharge (徵收教育費附加的暫行規定) effective from 1 July 1986, as amended on 20 August 2005 and on 8 January 2011, all entities and individuals liable to consumption tax, VAT and business tax, other than entities who shall pay rural educational undertaking surcharge pursuant to the Notice of the State Council on Raising Funds for Rural Schools (國務院關於籌措農村學校辦學經費的通知) (Guo Fa [1984] No. 174) promulgated on and effective from 13 December 1984, shall pay education surcharge in accordance with these provisions. The education surcharge, payable at a rate of 3% of the amount of VAT, business tax and consumption tax actually paid by entities or individuals, shall be paid simultaneously with VAT, business tax and consumption tax.

Pursuant to the Notice on Issues Concerning Policies on Unifying Local Education Surtax (關於統一地方教育附加政策有關問題的通知) promulgated on 7 November 2010, the rate of local education surtax is unified at 2% of the amount of VAT, business tax or consumption tax actually paid by entities and individuals (including foreign-invested enterprises, foreign enterprises and foreign individuals). For provinces where local education surtax was levied at a rate below 2% as reviewed and approved by the Ministry of Finance, the said rate shall be adjusted to 2% and the plan for rate adjustment shall be submitted to the Ministry of Finance for review and approval prior to 31 December 2010.

### **Labour and Insurance**

The relevant labour laws in the PRC include the Labour Law of the PRC (中華人民共和國勞動法) (the “**Labour Law**”) (effective from 1 January 1995), the Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the “**Labour Contract Law**”) (effective from 1 January 2008), the Social Insurance Law of the PRC (中華人民共和國社會保險法) (effective from 1 July 2011), the Provisional Measures on Maternity Insurance of Employees (企業職工生育保險試行辦法) (effective from 1 January 1995), the Interim Regulations on Collection of Social Insurance Premiums (社會保險費征繳暫行條例) (effective from 22 January 1999), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法)



---

## REGULATORY OVERVIEW

---

(effective from 19 March 1999), the Administrative Regulations on Housing Reserve Fund (住房公積金管理條例) (effective from 24 March 2002), and the Interim Measure for Participation in the Social Insurance System by Foreigners Working in China (在中國境內就業的外國人參加社會保險暫行辦法) (effective from 15 October 2011), and other relevant law and regulations issued by governmental authorities from time to time in the PRC.

The Labour Law was promulgated and came into force on 1 January 1995. Pursuant to the Labour Law, employees are entitled to equal opportunities in employment, selection of occupations, receiving labour remuneration, rest days and holidays, protection of occupational safety and healthcare, social insurance and welfare, etc. Employers must establish and improve the system for occupational safety and healthcare, provide education on occupational safety and healthcare to employees, comply with national and/or local regulations on occupational safety and healthcare, and provide necessary labour protective supplies to employees.

Pursuant to the Labour Contract Law, another important law concerning employees promulgated on 29 June 2007 and amended on 28 December 2012, labour contracts must be executed in order to establish the labour relationship between an employer and employees. In recruiting employees, an employer should inform the employees truthfully the scope of work, working conditions, workplace, occupational hazards, production safety conditions, labour remuneration and other information requested by the employees. An employer and an employee shall fully perform their respective obligations in accordance with the terms set forth in the labour contract. An employer must pay employees labour remuneration timely and in full amount in accordance with terms in the labour contract.

Under the Social Insurance Law, the Regulations on Work-Related Injury Insurance, the Provisional Measures on Maternity Insurance of Employees, the Interim Regulations on Collection of Social Insurance Premiums and the Interim Provisions on Registration of Social Insurance, an employer is required to make contribution to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the outstanding contributions to be paid off within a specified period together with a late payment fee. If the employer fails to settle the overdue payment within such time limit, the relevant administrative authorities may impose a fine on such employer.

Under the Administrative Regulations on Housing Reserve Fund promulgated on 3 April 1999 and amended on 24 March 2002, employers are required to make contribution to housing reserve fund for their employees.

The Interim Measure for Participation in the Social Insurance System by Foreigners Working in China (在中國境內就業的外國人參加社會保險暫行辦法) was promulgated in September 2011 and became effective on 15 October 2011. Non-PRC nationals employed in China by PRC employers, who hold valid working permits or permanent resident permits, are required to participate in the employee pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Employers have the obligation to apply for social insurance registration for their foreign employees within 30 days after a foreign employee receives his or her working permit so that a personal social insurance account will be opened for the employee. When a foreign employee leaves China, the individual may terminate participation and receive a lump-sum payment of the balance in the social

---

## REGULATORY OVERVIEW

---

insurance account or choose to retain the balance in the account. If the latter, the years of contribution will cumulate when the foreigner comes back to work in China again. Employers in violation of the Interim Measures will be sanctioned and penalised according to the Social Insurance Law.

### Foreign Exchange

The Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例) (the “**Foreign Exchange Administrative Regulations**”), as implemented on 1 April 1996 and amended on 5 August 2008, form an important legal basis for the PRC authorities to supervise and regulate foreign exchange.

On 19 November 2012, SAFE issued Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) that took effect since 17 December 2012 which provides more specific requirements on the registration relating to foreign exchange administration.

Pursuant to the Foreign Exchange Administrative Regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, securities investment, derivative products or loans unless a prior approval of the State Administration of Foreign Exchange is obtained.

Foreign-invested enterprises in the PRC may, without an approval of the State Administration of Foreign Exchange, purchase foreign exchange for dividend distribution, trade or services by providing certain evidencing documents (board resolutions, tax certificates, etc.).

### Intellectual Property

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (the “**Patent Law**”) which was amended on 27 December 2008 and became effective from 1 October 2009, the protection period is 20 years for invention patents and 10 years for utility model patent, commencing from the filing date. Use of a patent or any other activity in infringement of a patent by any person or entity without prior authorisation of the patentee is subject to compensation to the patentee and a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable according to laws.

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) (the “**Trademark Law**”) which was amended on 30 August 2013 and will become effective from 1 May 2014, the period of validity for registered trademark is 10 years, commencing from the date of registration. Upon expiry, the period of validity for registered trademark may be renewed by the registrant through an application for the extended usage which should be submitted within 12 months prior to the expiry as required. Where it is unable to submit the application during the period, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the subject trademark. In absence of a renewal upon expiry, the registered trademark shall be cancelled. Industrial and commercial administrative authorities have the authority for

---

## **REGULATORY OVERVIEW**

---

investigating any behaviour in infringement of the exclusive right under a registered trademark. In case of a suspected criminal offence, the case shall be referred to a judicial authority in time according to laws.

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法) which was amended on 26 February 2010 and became effective from 1 April 2010, a Chinese citizen, legal person or other organisation is entitled to the copyright thereunder for any works, whether published or not, that are originated by them. Copyright covers any literature, art, natural science, social science, engineering and technological works created in the following manner: literary works; oral works; music, theatre, opera, dance and acrobatic works; art and architecture works; photograph works; film works and any works created through a process similar to cinematography; engineering design diagrams, product design graphics, maps, sketches and other graphic works and model works; computer software; and other works as provided by laws and administrative regulations. Any party in infringement of copyright or any other right associated therewith shall indemnify the copyright holder against any loss incurred and is subject to, where appropriate, a fine as well as confiscation of illegal income, infringing duplicates and any other properties for or from such illegal activities.

### **HONG KONG**

The following sets forth a summary of the material laws and regulations applicable to our business in Hong Kong.

#### **Registration of Landscape Architects**

The legal framework for registration of landscape architects is set out in LARO, which provides for the regulation of professional landscape architects and disciplinary control of the professional activities of registered professional landscape architects in Hong Kong.

To register as a landscape architect, a person must be a member of HKILA, which was established pursuant to The Hong Kong Institute of Landscape Architects Incorporation Ordinance (Chapter 1162 of the Laws of Hong Kong).

HKILA keeps a register of its members. The membership is categorised according to different criteria as follows:

- (a) Professional Member – a person who has obtained professional status in landscape architecture either by having passed HKILA’s Professional Practice Examination or the examination of a national institute approved by the Council of HKILA, and the person shall have completed at least two years working experience in landscape architecture, one year of which must have been completed in Hong Kong;
- (b) Associate Member – a person who has completed an education in landscape architecture or equivalent accredited by HKILA, but has not yet fulfilled the criteria for professional membership;

---

## REGULATORY OVERVIEW

---

- (c) Fellow Member – a person with at least fifteen years approved post qualification professional landscape experience and is elected to Fellowship in recognition of his outstanding landscape contribution to the industry;
- (d) Affiliate Member – a person who has no academic or professional qualifications in landscape architecture/design, but is employed in an associated discipline or has a keen interest in landscape matters;
- (e) Student Member – a person who is in full time or part time education in landscape architecture or equivalent subject organised by a tertiary education institution;
- (f) Retired Member – a Fellow or Professional Member who has ceased to practise landscape architecture or derive any pecuniary advantage from his HKILA membership; and
- (g) Honorary Member – a person, other than a landscape architect, who has performed notable service in the landscape architecture industry.

According to LARO, an application for registration as a registered landscape architect shall be made to LARB in the form and manner specified by LARB and accompanied by a registration fee. Pursuant to section 12(1) of LARO, LARB shall not register a person as a landscape architect unless:

- (a) he
  - (i) is a member of HKILA; or
  - (ii) is a member of a landscape architectural body, the membership of which is accepted by LARB as being of a standard not less than that of a member of HKILA; or
  - (iii) has passed such examination in landscape architecture and other subjects and has received such training and experience as LARB may accept, either generally or in a particular case, as a qualification of a standard not less than that of a member of HKILA; and
- (b) he satisfies LARB that he has had one year's relevant professional experience in Hong Kong before the date of his application for registration;
- (c) he is an ordinarily resident in Hong Kong;
- (d) he is not the subject of an inquiry committee or a disciplinary order which precludes him from being registered under the LARO;
- (e) he satisfies LARB by declaration in writing that he is competent to practise as a landscape architect; and
- (f) he is a fit and proper person to be registered.

---

## REGULATORY OVERVIEW

---

A register of landscape architects (the “**Register**”) is kept by the Registrar of LARB containing the name, address and qualification of each registered landscape architect. According to section 15 of LARO, the entry in the Register shall remain in force for 12 months from the date when he was registered and may be renewed annually. LARB may reject renewal application if it is satisfied that the applicant does not continue to comply with the registration requirements set out in section 12 of LARO above.

Certain departments of the Hong Kong Government (including but not limited to the Lands Department) specifically require works to be done by registered landscape architects, namely, the submission of self-certificate of compliance in respect of tree works and landscape master plan. According to section 29(1) of LARO, a person whose name does not appear on the Register shall not be entitled to describe himself as “landscape architect” or “registered landscape architect” or to use the initials “R.L.A.” after his name.

Section 29(3) of LARO states that a person whose name is not on the register may describe himself as a landscape architect if he describes himself by reference to a membership of any body or institute of landscape architects formed outside Hong Kong which description does not imply that he has the right to practise landscape architecture in Hong Kong under the description of landscape architect.

Section 29(4) of LARO states that a person including a firm or company shall not use the description of “landscape architects” or “registered landscape architects” or the initials “R.L.A.” unless (a) at each place where the person carries on the business of landscape architecture, the business is conducted under the supervision of a registered landscape architect who does not act at the same time in a similar capacity for any other person other than for a firm or company that has substantially the same beneficial ownership and management as the person (where the person is a firm or company); (b) where the person carries on a multi-disciplinary practice, that business, so far as it relates to landscape architecture, is under the full time control and management of a registered landscape architect who does not act at the same time in a similar capacity for any other person other than for a firm or company that has substantially the same beneficial ownership and management as the person (where the person is a firm or company).

Any person who is not a registered landscape architect, knowingly permits the use of or uses in connection with his business or profession the description of “landscape architect”, “registered landscape architect”, the initials “R.L.A.” or any initials or abbreviations or words to cause any person to believe he is on the Register shall commit an offence and shall be liable to a fine of HK\$50,000 and to imprisonment for one year under section 30(1) of LARO.

### **Registered Practices**

There is no statutory requirement governing the establishment of a landscape architecture firm or company in Hong Kong. However, a landscape architecture company may apply for inclusion in the List of Registered Practices under HKILA. To apply for registration, the company must have at least one landscape principal having Professional or Fellow HKILA membership and this principal is a partner or director of the company with full legal, managerial and financial responsibility for the landscape work of the company. However, a company with a multi-disciplinary practice which has employed a Professional or Fellow HKILA member but such HKILA member does not have the responsibility as a principal, that company will not be eligible to register in the List of Registered Practice.

---

## REGULATORY OVERVIEW

---

### Eligibility for bidding Hong Kong Government projects

AACSB maintains a list of consultants (the “**List of Consultants**”) that are eligible to bid for projects of Hong Kong Government. The AACSB is appointed by the Secretary for Financial Services and the Treasury to, inter alia, approve the selection and appointment of architectural and associated consultants for Hong Kong Government projects, other than those selected and appointed by departmental consultants selection committees.

The List of Consultants consists of six categories, namely Architectural, Building Services, Building Surveying, Landscape Architectural, Quantity Surveying and Structural Engineering. To be included in the List of Consultants, the landscape architecture company must be a registered company in Hong Kong or possess a valid Hong Kong business registration certificate, and satisfies the minimum entry requirements promulgated by the AACSB, the major requirements of which are summarised below:

Members of staff:	The company must have a minimum of 2 qualified landscape architects, at least one of the resident principals of the company must be a qualified landscape architect.
Qualifications:	Qualified landscape architect means corporate member of the UK Landscape Institute (Design stream), HKILA (after January 1997) or qualification recognised for corporate membership of HKILA after 1 January 1997.
History:	The company must have practised in the relevant discipline in Hong Kong for a minimum of 2 continuous years.
Number of supporting staff	The company must be employing a reasonable number of technical and clerical supporting staff locally.
Standards and nature of work carried out	The company must demonstrate satisfactory design and work standards on at least 2 completed local projects, one of which must be over HK\$25 million, covering the full range of landscape architecture services, within the past 5 years. Experience as sub-consultants will only be considered if full service has been provided at all work stages and included both hard and soft landscape works.
ISO Certification	The company must have obtained ISO 9001:2008 certification

### Continuous Professional Development

HKILA requires a member to obtain a minimum 12 points of continuous professional development training (“**CPD Points**”) every year for renewal of membership. The continuous professional development training serves to improve and broaden the knowledge and skills of the members of HKILA necessary for the execution of their professional work. If a registered landscape architect fails to obtain the necessary CPD Points, he will be unable to renew his membership with HKILA and accordingly he will be unable to renew his registration as a registered landscape architect with LARB.

---

## REGULATORY OVERVIEW

---

### **Professional conduct**

The members of HKILA and landscape architecture companies in the List of Registered Practices under HKILA are required to observe and comply with, inter alia, the Constitution and Bye-Laws of the HKILA and the Code of Professional Conduct, Conditions of Engagement and Professional Charges issued by HKILA.

LARO also sets out circumstances under which a registered landscape architect commits an offence. Under section 20(1) of LARO, if a registered landscape architect:

- (a) commits misconduct or neglect in any professional respect;
- (b) has been convicted of an offence under LARO;
- (c) has obtained registration under LARO by fraud or misrepresentation;
- (d) was not at the time of his registration under LARO entitled to be registered;
- (e) without reasonable excuse, fails to attend before an inquiry committee of HKILA when summoned either as a witness or as a person in respect of whom the inquiry committee is meeting; or
- (f) has been convicted in Hong Kong or elsewhere of any offence which may bring the profession into disrepute and sentenced to imprisonment, whether the sentence is suspended or not.

LARB may refer any complaint concerning a disciplinary offence to an inquiry committee which will be set up to investigate and determine whether that person has committed a disciplinary offence. The inquiry committee has the power, under section 23 of LARO, to make any one or more of the following orders:

- (a) order the name of the registered landscape architect to be removed from the Register;
- (b) order the name of the registered landscape architect to be removed from the Register for such period as the inquiry committee may think fit;
- (c) reprimand the registered landscape architect in writing and record it on the Register;
- (d) order that an order under the section 23 of LARO be suspended, subject to conditions as the inquiry committee may think fit, for a period of not exceeding two years;
- (e) order that LARB shall not accept an application from the registered landscape architect for registration as a registered landscape architect either for a fixed period or until the registered landscape architect satisfies LARB that he should be registered;
- (f) order the Chairman of LARB to admonish the registered landscape architect orally; and

---

## **REGULATORY OVERVIEW**

---

- (g) order the registered landscape architect to pay all or part of the costs of any of the Registrar, LARB or the inquiry committee arising from the case, if the inquiry committee is satisfied that in all the circumstances it would be unjust and inequitable not to do so.

### **THE PHILIPPINES**

#### **Incorporation**

According to section 13 of the Philippine Corporation Code, to incorporate a corporation, at least 25% of the authorised capital stock of the corporation must be subscribed, and at least 25% of the total subscription must be fully paid in actual cash and/or in property, such paid up capital being not less than PHP5,000. A corporation is owned by shareholders through shares of stock and managed by a board of directors who appoints the officers. Under section 23 of the Philippine Corporation Code, a corporation shall have not less than five (5) nor more than fifteen (15) directors, which number shall be stated in the corporation's articles of incorporation. Every director must own at least one (1) share of the capital stock of the corporation of which he is a director, which share shall stand in his name on the books of the corporation. Any director who ceases to be the owner of at least one (1) share of the capital stock of the corporation of which he is a director shall thereby cease to be a director. A majority of the directors must be residents of the Philippines. A Philippine corporation must likewise have a president (who must be a director), a treasurer (who may or may not be a director, but must be a resident of the Philippines) and a secretary (who must be a resident and citizen of the Philippines). Any two or more positions may be held concurrently by the same person, except that no one shall act as president and secretary or as president and treasurer at the same time.

#### **Licence**

Unless required to obtain a secondary licence or other special permits and licences, a Philippine corporation, after obtaining its Certificate of Incorporation from the Securities and Exchange Commission of the Philippines must obtain and maintain, the following permits, licences and registrations: business permits (pursuant to Republic Act No. 7160 of the Philippines), registration with the Social Security System (pursuant to Republic Act No. 8282 of the Philippines), registration with the Home Development Mutual Fund (pursuant to Republic Act No. 9679 of the Philippines), registration with the Philippine Health Insurance Corporation (pursuant to Republic Act No. 7875 of the Philippines), and registration with the Bureau of Internal Revenue (pursuant to Republic Act No. 8424 of the Philippines). As at the Latest Practicable Date, Earthasia (Manila) has obtained and maintained, in full force and effect, all the licences, permits, authorisations, approvals, orders and other concessions of and from all government regulatory bodies of the Philippines that are necessary to conduct its business as described in its articles of incorporation.



---

## REGULATORY OVERVIEW

---

### Tax

#### VAT

According to section 105, in relation to sections 106 to 108 of the Philippine Tax Code, any person who, in the course of trade or business, sells goods or renders services in the Philippines shall be subject to the Value-added Tax (“**VAT**”) at the rate of 12%. However, according to section 108(B) of the Philippine Tax Code, certain persons shall be entitled to 0% of VAT (“**zero-rated VAT**”) if all of the following requirements are fulfilled.

- (a) The person must be VAT-registered;
- (b) The services must be performed for: (i) the processing, manufacturing or repacking of goods which are subsequently exported; or (ii) services other than (i);
- (c) The consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Philippines Central Bank; and
- (d) The services must be rendered to a person doing business outside the Philippines or in case of service (b)(ii) above, to a person doing business outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed.

If any one of the above requirements is not met, the services performed will not be entitled to zero-rated VAT. If the taxpayer failed to fulfil any of the above requirements and failed to pay VAT, it shall be liable to pay the deficiency VAT at the rate of 12% together with the interest at the rate of 20% per year calculated from the time the VAT is due and until the full amount is paid.

According to section 203 of the Philippine Tax Code, the Philippine tax authority has a period of three years from the date of filing of the VAT returns within which to assess for VAT deficiency and interests. Should the Philippine tax authority assess the taxpayer beyond that period, the taxpayer can raise the defence of prescription. According to section 222 of the Philippine Tax Code, in the case of a false or fraudulent return with intent to evade tax or of failure to file a return, the tax may be assessed at any time within 10 years after the discovery of such falsity or fraud.

#### MCIT

According to section 27(E) of the Philippine Tax Code, the Minimum Corporate Income Tax (“**MCIT**”) at the rate of 2% of the gross income is imposed on a corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the MCIT is greater than the amount of income tax which is imposed at the rate of 30% on net taxable income. In other words, the MCIT shall be imposed whenever the corporation has zero or negative taxable income or whenever the amount of MCIT is greater than the normal income tax due from such corporation.

Under Revenue Regulations 9-98 (Implementing Republic Act No. 8424) of the Philippines, for purposes of the MCIT, the taxable year in which business operations commenced shall be the year in which the corporation registered with the Bureau of Internal Revenue of the Philippines.

---

## REGULATORY OVERVIEW

---

### *Labour*

The Republic Act No. 8282 of the Philippines, as amended, provides for pension, disability, death and other benefits to qualified employees. Both the employer and the employee are required to make monthly contributions to the Social Security System of the Philippines pursuant to the Republic Act No. 8282.

Pursuant to the Republic Act No. 7875 of the Philippines, all persons currently eligible for benefits under Medicare Program I, including the Social Security System and Government Service Insurance System members, retirees, pensioners and their dependents, shall immediately and automatically be made members of the National Health Insurance Program, and may avail of the medical benefits provided for under and subject to conditions set under the Republic Act No. 7875. The obligation of the employer is to pay and remit its monthly contributions and the monthly contributions of its employees in respect of the National Health Insurance Program.

Pursuant to the Republic Act No. 9679 of the Philippines, both the employer and the employee shall make monthly contributions to the Home Development Mutual Fund Law of 2009 (otherwise known as the Pag-IBIG Fund, the “**Fund**”) which is a nationwide mandatory mutual provident savings system for all those employed whether in the private or public sector in the Philippines. The Fund offers the employees the benefits of (1) savings; (2) short term loans; and (3) housing loans. For savings, an employee may withdraw certain amount of his or her contributions to the Fund after 20 years of membership with the Fund and after having made a total of 240 monthly contributions. An employee may avail of the short term loans under the Fund to help finance his or her immediate medical, educational or livelihood needs, minor home improvement, purchase of appliance and furniture, and other related needs; or when he or she has been affected by a recent calamity. An employee could also make use of the housing loans under the Fund to purchase houses.

---

## HISTORY AND CORPORATE STRUCTURE

---

### INTRODUCTION

Mr. Lau and Mr. Chan are among the first registered landscape architects in Hong Kong awarded with Fellow Memberships in recognition of their outstanding contribution to the landscape architecture profession. They obtained their bachelor degrees of landscape architecture from the University of Toronto when at that time no degree awarding courses on landscape architecture was offered by any university in Hong Kong.

Earthasia (Hong Kong) was incorporated in February 1981 and acquired by our Group in August 2012 as a step of the Reorganisation, which provides landscape architecture services to the Hong Kong Government and local property developers. Mr. Lau joined Earthasia (Hong Kong) in 1986 as an employee and became a shareholder of Earthasia (Hong Kong) on 12 February 1987, holding 15% of the then shareholding interest. Mr. Chan joined Earthasia (Hong Kong) in 1991 as an employee and became a shareholder on 24 August 1992, holding 5% of the then shareholding interest. Earthasia (Hong Kong) was among the first landscape architecture firms in Hong Kong eligible to bid for projects of the Hong Kong Government to provide landscape architecture services.

In June 1997, Mr. Lau and Mr. Chan together entered into a shareholders agreement with a US company (the “**JV Partner**”) to co-manage and provide landscape architecture services through a company in Hong Kong (the “**JV Company**”). The JV Company was owned as to 55%, 22.5% and 22.5% by the JV Partner, Mr. Lau and Mr. Chan, respectively. At that time, the JV Partner was in a leading position in the same industry in the US looking for expansion to the China market while Earthasia (Hong Kong) had a solid presence in Hong Kong exploring potential prospect in the China market and being led by Mr. Lau and Mr. Chan who were among the few persons in Hong Kong who had obtained professional qualification in landscape architecture. The JV Company represented a synergy among the parties which served as a platform for Mr. Lau and Mr. Chan to gain international exposure and to advance their skills and experience through working with the experienced landscape architects of the JV Partner. Since 1997, the JV Company had established its presence in the PRC.

Alongside with the operation of the JV Company, Mr. Lau and Mr. Chan remained the shareholders of Earthasia (Hong Kong). Earthasia (Hong Kong) subcontracted the projects it obtained to the JV Company for the JV Company to carry out. In 2000, Earthasia (Hong Kong) was engaged by the Hong Kong Government to provide professional landscape architecture services in a tourism project Penny’s Bay, Hong Kong. The project comprised the development of the first international theme park in Hong Kong which was considered as one of the most significant tourism projects in the region.

As the business of the JV Company developed, the JV Partner wished the JV Company to focus on expanding business segments other than landscape architecture but Mr. Lau and Mr. Chan envisaged that the business segment of landscape architecture would experience better growth. In light of the difference in vision, Mr. Lau and Mr. Chan transferred their interest in the JV Company to the JV Partner and the joint venture relationship ceased in 2005.

In 2005, Mr. Lau and Mr. Chan became the sole shareholders of Earthasia (Hong Kong) when Mr. Lau acquired the remaining shares of Earthasia (Hong Kong) from the then shareholder. Mr. Lau and Mr. Chan acquired all the shares of Earthasia (Hong Kong) with their personal savings. In the same year,

---

## HISTORY AND CORPORATE STRUCTURE

---

Earthasia (Shanghai) commenced operation in the PRC and from 2006 onwards, our Group has established branch offices and subsidiaries in various cities to capture business. The scale of operation of our Group experienced rapid growth with the number of employees increased from 76 in 2005 to 114 in 2006.

In 2007, we were engaged to provide the landscape architecture services for the Athletes Village in Beijing for the Olympic Games held in 2008. Olympic Games is a major international multi-sport event which gave us a valuable chance to demonstrate the standard of our work to the world.

In March 2012, Earthasia (Shanghai) was granted the Category B Qualification, which further enables us to undertake documentation for various stages of our workflow in landscape architecture projects in the PRC. With this expansion of business scope, we are capable of providing a wide range of landscape architecture services.

As at the Latest Practicable Date, we have established extensive network with offices covering Beijing, Chengdu, Guangzhou, Shanghai, Shenzhen, Wuhan, Xiamen, Xi'an and Hong Kong. We have set up a liaison office in Changsha as contact point. To draw on the expertise of staff with lower operational costs, we have set up one office in the Philippines as our back-office providing support on design and drawing production services to our major operating subsidiaries in the PRC and Hong Kong. Our Group had 460 employees as at 31 December 2013.

The following are the important milestones in the development of the business of our Group to date:

<b>Year</b>	<b>Event</b>
2000	Earthasia (Hong Kong) was engaged to provide landscape architecture services for an international theme park in Penny's Bay, Hong Kong
2004	Earthasia (Shanghai), being our Group's first subsidiary established in the PRC, commenced business operation in the PRC
2006	Branches in Beijing, Guangzhou and Wuhan were set up
2007	Earthasia (Shanghai) was engaged to provide landscape architecture services for the 2008 Olympic Athletes Village project in Beijing
2010	Branches in Chengdu, Shenzhen and Xi'an were set up
2012	Earthasia (Shanghai) obtained the Category B Qualification Earthasia (Hong Kong) was acquired by our Group
2013	Earthasia (Guangzhou), Earthasia (Linkong), Earthasia (Xiamen) and a branch office in Shanghai were set up

---

## HISTORY AND CORPORATE STRUCTURE

---

Since our establishment, we have been putting heavy emphasis on our quality of service. The following are important accreditations and awards obtained by our Group (excluding the JV Company, for avoidance of doubt):

Year	Accreditations/awards	Issuing bodies
1991	<ul style="list-style-type: none"> <li>• Obtained Environment Award for Excellence in Design of Wan Chai Street Tree Planting (1991)</li> </ul>	<ul style="list-style-type: none"> <li>• HKILA</li> </ul>
1995	<ul style="list-style-type: none"> <li>• Obtained Certificate of Merit of Green Project Award (Landscape Design) for Repulse Bay Hotel Redevelopment Phase 1</li> <li>• Obtained Silver Award of Green Project Award Programme, Excellence in Design (for Wanchai Street Tree Planting)</li> </ul>	<ul style="list-style-type: none"> <li>• The Hong Kong Urban Council, HKILA</li> <li>• The Hong Kong Urban Council</li> </ul>
1996	<ul style="list-style-type: none"> <li>• Obtained Certificate of Merit of Green Project Award (Green Effect) for Eastern Harbour Crossing</li> <li>• Accredited as complying with the requirement of ISO 9001:2008 of quality management system standard applicable to provision of design and advisory services in landscape architecture for Hong Kong projects</li> </ul>	<ul style="list-style-type: none"> <li>• The Hong Kong Urban Council, HKILA</li> <li>• Hong Kong Quality Assurance Agency</li> </ul>

---

## HISTORY AND CORPORATE STRUCTURE

---

Year	Accreditations/awards	Issuing bodies
2006	<ul style="list-style-type: none"> <li>• Obtained Award of Merit of 2006 HKILA Landscape Design Awards “Excellence in Landscape” for excellence in the design of Landscape Works for Penny’s Bay Development</li> <li>• Accredited as China’s Top 10 Garden &amp; Landscape Firms of the Year 2006 (2006年《中國10佳園林景觀設計機構》)</li> <li>• Accredited as China’s Top 10 Chinese Landmark Excellent Landscape Architecture Firms (中國地標建築卓越景觀設計機構十強)</li> </ul>	<ul style="list-style-type: none"> <li>• HKILA</li> <li>• World Executive Weekly (世界經理人週刊) China Real Estate Federation (中國房地產聯合會)</li> <li>• Global Landmark Alliance (全球地標聯盟) International Association for Urban Culture (國際城市文化協會) Chinese Academy of Urban Development and Environment Research Center (中國社會科學院城市發展與環境研究中心) 2006 China Landmark Summit Organising Committee (2006中國地標峰會組委會)</li> </ul>

---

## HISTORY AND CORPORATE STRUCTURE

---

Year	Accreditations/awards	Issuing bodies
2009	<ul style="list-style-type: none"> <li>• Obtained Golden Award of Landscape Architecture Project (景觀設計方案金獎) (for South Axis of Shouyi Urban Landscape Architecture Concept Plan (首義南軸線城市景觀工程設計概念方案))</li> <li>• Obtained the Third Prize of the Industrial Award of Outstanding Engineering Survey Design-Municipal Public Work of Year 2009 (2009年度全國優秀工程勘察設計行業獎市政公用工程三等獎) (for Wuhan Shouyi Culture Park (武漢首義文化園))</li> <li>• Obtained the Third Prize of the Industrial Award of Outstanding Engineering Survey Design-Municipal Public Work of Year 2009 (2009年度全國優秀工程勘察設計行業獎市政公用工程三等獎) (for Wuhan Moon Lake Culture Theme Park (武漢月湖文化主題公園))</li> </ul>	<ul style="list-style-type: none"> <li>• China Real Estate Research Institute (中國房地產研究會), China National Architecture Research Institute (中國民族建築研究會)</li> <li>• China Survey and Design Association (中國勘察設計協會)</li> <li>• China Survey and Design Association (中國勘察設計協會)</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Obtained Suitable for Living in China • Top 10 Architectural Design Firms in Year 2010 (宜居中國 • 2010年度十佳建築設計企業)</li> <li>• Obtained the First Prize of Outstanding Engineering Design in Hubei Province in Year 2010 (2010年度湖北省優秀工程設計一等獎) (for Landscape Architecture of Wuhan Zhongshan Warship Travel Core Area(武漢中山艦旅遊核心區景觀設計項目) awarded to the project undertaken by us</li> </ul>	<ul style="list-style-type: none"> <li>• Asian Real Estate Research Institute (亞洲房地產研究會), China Real Estate Industrial Association (中國房地產產業協會)</li> <li>• Hubei Provincial Department of Housing and Urban-Rural Development (湖北省住房和城鄉建設廳)</li> </ul>

---

## HISTORY AND CORPORATE STRUCTURE

---

Year	Accreditations/awards	Issuing bodies
2011	<ul style="list-style-type: none"> <li>• Accredited as Vice-president Unit of Year 2011 (2011年度副理事長單位)</li> <li>• Accredited as the Council Unit of Landscape Architecture Studies of Year 2010 – 2011 (2010-2011年度《景觀設計學》雜誌理事單位)</li> <li>• Accredited as Best Designer (規劃設計貢獻獎) of Wuhan National Bio-industry Base 3rd Anniversary of Construction (武漢國家生物產業基地建設三週年)</li> </ul>	<ul style="list-style-type: none"> <li>• MOHURD-China Architecture Culture Centre (住房和城鄉建設部 • 中國建築文化中心) The Committee of Chinese &amp; Overseas Landscape (《中外景觀》理事會)</li> <li>• The Graduate School of Landscape Architecture, Peking University (北京大學景觀設計學研究院)</li> <li>• Hubei Bio-industry Development &amp; Wuhan National Bio-industry Base Construction Leading Group (湖北省生物產業發展暨武漢國家生物產業基地建設領導小組)</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Accredited as complying with the requirement of ISO 9001:2008 in relation to quality management system standard applicable to provision of design and advisory services in landscape architecture for PRC projects</li> </ul>	<ul style="list-style-type: none"> <li>• Sira Certification Service</li> </ul>

Our ISO 9001:2008 accreditation for Earthasia (Hong Kong) was renewed upon each expiry since 1996 and the current one is valid till 3 October 2014.

### CORPORATE HISTORY

The following sets forth the corporate development of each member of our Group since their respective dates of incorporation.

#### Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 25 November 2013 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was issued and allotted fully paid to the initial subscriber at par, and was transferred to CYY on 25 November 2013 at par and such transfer was legally completed on the same date. On 25 November 2013, additional 2,999 Shares and 2,000 Shares were allotted and issued fully paid to CYY and LSBJ at par respectively and such allotment and issuance of Shares were legally completed on the same date.



---

## HISTORY AND CORPORATE STRUCTURE

---

On 2 December 2013, our Company issued and allotted 3,000 Shares and 2,000 Shares (all credited as fully paid) to CYY and LSBJ respectively pursuant to the Share Swap Agreement, as consideration for the acquisition by Earthasia (BVI) of the entire issued share capital of Earthasia (International) and such issuance and allotment of Shares were legally completed on the same date.

On 16 January 2014, LSBJ and CYY transferred to PBLA 1,700 and 1,400 Shares at a cash considerations of HK\$50,370,000 and HK\$41,480,000 respectively which were determined by reference to the financial position and profitability of our Group and such transfers of Shares were legally completed on the same date. On the same date, our Company issued and allotted 454 Shares (all credited as fully paid) to PBLA at a cash consideration of HK\$15,000,000 which was also determined by reference to the financial position and profitability of our Group and such issuance and allotment of Shares were legally completed on the same date. For details of the Pre-IPO Investment, please refer to the section headed “Relationship with Pubang Group” in this prospectus.

### **Our Subsidiaries**

As at the Latest Practicable Date, our Company has eight subsidiaries, namely, Earthasia (BVI), Earthasia (International), Earthasia (Manila), Earthasia (Shanghai), Earthasia (Hong Kong), Earthasia (Xiamen), Earthasia (Guangzhou) and Earthasia (Linkong), details of which are set out below.

#### **Earthasia (BVI)**

Earthasia (BVI), a limited liability company, was incorporated in BVI on 27 November 2013. Earthasia (BVI) is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to our Company at par and such allotment and issuance of shares were legally completed on 27 November 2013.

As at the Latest Practicable Date, Earthasia (BVI) was an intermediate holding company and held the entire issued share capital of Earthasia (International).

#### **Earthasia (International)**

Earthasia (International) was incorporated in Hong Kong on 2 June 2004 with an authorised share capital of HK\$10,000 divided into 10,000 shares with a par value of HK\$1.00 each, of which one share was issued and allotted fully paid to the initial subscriber at par, which was transferred to EYT on 8 October 2004 at par and such transfer was legally completed on the same date. EYT is a company whose issued share capital is owned by Mr. Chan and Mr. Lau in equal shares.

On 8 October 2004, 1,999 shares of Earthasia (International) were allotted and issued fully paid to EYT at par and such allotment and issuance of shares were legally completed on the same date. On 27 July 2005, Earthasia (International) allotted and issued 500, 1,250 and 1,250 fully-paid shares to EYT, Earthasia (Hong Kong) and Mr. Tian respectively at par and such allotment and issuance of shares were legally completed on the same date. Mr. Tian was at the material time an Independent Third Party until he was appointed director of Earthasia (Shanghai) in 2006. He held the 1,250 shares of Earthasia (International) on trust for the benefit of Mr. Chan.

---

## HISTORY AND CORPORATE STRUCTURE

---

On 14 October 2011, Mr. Tian transferred the legal title of 1,250 shares of Earthasia (International) back to Mr. Chan and the trust arrangement with Mr. Chan ceased thereafter and such transfer was legally completed on the same date. On 29 November 2011, Earthasia (Hong Kong) transferred 750 shares and 500 shares of Earthasia (International) to Mr. Lau and Mr. Chan respectively at par and such transfers were legally completed on the same date. As a result, Mr. Lau and Mr. Chan became beneficially interested in 40% and 60% of the total issued shares of Earthasia (International) respectively.

On 2 December 2013, EYT, Mr. Chan and Mr. Lau transferred 2,500 shares, 1,750 shares and 750 shares of Earthasia (International) to Earthasia (BVI) respectively pursuant to the Share Swap Agreement in consideration of which our Company issued and allotted 3,000 Shares and 2,000 Shares (all credited as fully paid) to CYY and LSBJ and the said transfers of shares and the issuance and allotment of Shares were legally completed on the same date. As a result, Earthasia (International) became a wholly-owned subsidiary of Earthasia (BVI).

As at the Latest Practicable Date, Earthasia (International) was an intermediate holding company and legally held 99.92% of the total issued and outstanding share of Earthasia (Manila) and the entire equity interests in Earthasia (Shanghai).

### **Earthasia (Manila)**

Earthasia (Manila) was incorporated in the Philippines on 16 October 2007 with an authorised capital stock of PHP1,000,000 divided into 10,000 shares with a par value of PHP100 each. Under the laws of the Philippines, a corporation shall have not less than five directors and each director shall own at least one share of the capital stock of the corporation of which he is a director. As at the date of incorporation, 500 shares were issued and allotted to each of Mr. Chan, Mr. Lau, Mr. Jose Dinjotian Mejia, Mr. Hector Gonzales Evangelista and Mr. Renato Rusiana Patricio at par and such issuance and allotment of shares were completed on the date of incorporation. Mr. Jose Dinjotian Mejia, Mr. Hector Gonzales Evangelista and Mr. Renato Rusiana Patricio were directors of Earthasia (Manila) at that time in order to fulfil the relevant laws of the Philippines.

On 20 February 2013, Mr. Jose Dinjotian Mejia, Mr. Hector Gonzales Evangelista and Mr. Renato Rusiana Patricio ceased to be the shareholders of Earthasia (Manila). As a result of their transfer of shares, Mr. Chan, Mr. Lau, Mr. Wong Lung Wa Andrew, Ms. Wong Lei Kam Winnie and Mr. Chan Yuen King Paul held 4,999 shares, 4,998 shares, 1 share, 1 share and 1 share of Earthasia (Manila) respectively and such transfers of shares were completed on 20 February 2013 so to consolidate the shareholding interest in Earthasia (Manila) in overseas. Each of Mr. Wong Lung Wa Andrew, Ms. Wong Lei Kam Winnie and Mr. Chan Yuen King Paul was an employee of our Group and was appointed as director to fulfil the relevant laws of the Philippines.

On 2 January 2014, the assignment and transfer of 4,998 shares and 4,997 shares of Earthasia (Manila) from Mr. Chan and Mr. Lau to Earthasia (International) respectively at par were legally completed. As a result, Earthasia (International) became the shareholder of Earthasia (Manila) holding 9,995 shares and each of Mr. Chan, Mr. Lau, Mr. Wong Lung Wa Andrew, Ms. Wong Lei Kam Winnie and Mr. Chan Yuen King Paul, held one share of Earthasia (Manila). On 20 February 2014, the assignment and transfer of one share of Earthasia (Manila) from Earthasia (International) to each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles were legally completed. Each of Mr. Adjutor

---

## HISTORY AND CORPORATE STRUCTURE

---

Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles who was the employee of our Group held one share of Earthasia (Manila) on trust for Earthasia (International). Each of Mr. Chan Yuen King Paul, Ms. Wong Lei Kam Winnie and Mr. Wong Lung Wa Andrew entered into a deed of sale with Earthasia (International) on 26 March 2014, 27 March 2014 and 27 March 2014 respectively for the transfer of one share of Earthasia (Manila) held by each of them to Earthasia (International) at par. Earthasia (Manila) is in the process of obtaining the Certificate Authorizing Registration from the Bureau of Internal Revenue of the Philippines and the transfer of the said shares will be legally completed once the said certificate is issued. The above transfers were conducted as part of the Reorganisation.

As at the Latest Practicable Date, Earthasia (Manila) was acting as our back-office providing support on design and drawing production services to our major operating subsidiaries in the PRC and Hong Kong.

### **Earthasia (Shanghai)**

Earthasia (Shanghai) was a wholly foreign-owned enterprise established under the laws of the PRC on 9 December 2004 by Earthasia (International) with a registered capital of US\$140,000. On 9 December 2011, the registered capital of Earthasia (Shanghai) was increased to US\$490,000.

As at the Latest Practicable Date, Earthasia (Shanghai) was engaged in providing landscape architecture services.

### **Earthasia (Hong Kong)**

Earthasia (Hong Kong) was incorporated in Hong Kong on 27 February 1981 with an authorised share capital of HK\$10,000 divided into 1,000 shares with a par value of HK\$10 each. Mr. Lau first became a shareholder on 12 February 1987 when the then shareholder Mr. Fung Hing Yee (who is an Independent Third Party) transferred 150 shares of Earthasia (Hong Kong) to Mr. Lau, which represented 15% of the then issued share capital of Earthasia (Hong Kong), at a cash consideration of HK\$1,500, based on a nominal value of HK\$10 per share and such transfer of shares was legally completed on the same date. The shareholding interest of Mr. Lau increased to 30% when Mr. Fung Hing Yee on 15 April 1987 further transferred 150 shares of Earthasia (Hong Kong) to Mr. Lau at a cash consideration of HK\$1,500, based on a nominal value of HK\$10 per share and such transfer of shares was legally completed on the same date. Mr. Fung Hing Yee ceased to be a shareholder of Earthasia (Hong Kong) on 1 August 1987 when he transferred 350 shares to each of Mr. Ronald Liang and Mr. Leung Man Ying (who are Independent Third Parties) at a cash consideration of HK\$3,500 from each of Mr. Ronald Liang and Mr. Leung Man Ying based on the nominal value of HK\$10 per share and such transfer of shares was legally completed on the same date.

On 24 August 1992, Mr. Chan also became a shareholder when the then shareholder Mr. Ronald Liang transferred 50 shares of Earthasia (Hong Kong), which represented 5% of the then issued share capital of Earthasia (Hong Kong), to Mr. Chan, at the consideration of HK\$500 based on a nominal value of HK\$10 per share and such transfer of shares was legally completed on the same date.

On 16 November 1995, the then shareholder Mr. Leung Man Ying transferred 200 shares and 150 shares of Earthasia (Hong Kong) to Mr. Lau and Mr. Chan respectively at a cash consideration of HK\$457,200 and HK\$342,900, which were determined with reference to the then net asset value of

---

## HISTORY AND CORPORATE STRUCTURE

---

Earthasia (Hong Kong) and such transfer of shares was legally completed on the same date. As a result, Mr. Leung Man Ying ceased to be a shareholder of Earthasia (Hong Kong) and Mr. Lau was interested in 50% while Mr. Chan was interested in 20% of shareholding interest in Earthasia (Hong Kong). The remaining 30% shareholding interest was held by Mr. Ronald Liang.

On 31 January 2005, Mr. Ronald Liang transferred 300 shares of Earthasia (Hong Kong) to Mr. Lau and such transfer of shares was legally completed on the same date, as a result of which Mr. Ronald Liang ceased to be a shareholder of Earthasia (Hong Kong). As such, Mr. Lau and Mr. Chan became the sole shareholders of Earthasia (Hong Kong) holding 80% and 20% of its shareholding interests respectively. The cash consideration of the said transfer was HK\$800,000, which was determined with reference to the then total asset value and profitability of Earthasia (Hong Kong).

On 22 August 2007, Mr. Lau transferred 200 shares of Earthasia (Hong Kong) to Mr. Chan at a cash consideration of HK\$2,000 at a nominal value of HK\$10 per share and such transfer of shares was legally completed on the same date. Such transfer resulted in Mr. Lau and Mr. Chan being interested as to 60% and 40% of the shareholding interests in Earthasia (Hong Kong) respectively.

On 27 February 2012, Mr. Lau, Mr. Chan and Earthasia (Shanghai) entered into a sale and purchase agreement pursuant to which Mr. Lau and Mr. Chan agreed to sell 600 shares and 400 shares of Earthasia (Hong Kong) to Earthasia (Shanghai) at the consideration of RMB3,776,327.44 and RMB2,517,551.63 (with reference to the net asset value of Earthasia (Hong Kong) as valued by a valuer as at 31 December 2011) respectively as group restructuring and such transfer of shares was legally completed on 28 August 2012.

As at the Latest Practicable Date, Earthasia (Hong Kong) was engaged in providing landscape architecture services.

### **Earthasia (Xiamen)**

Earthasia (Xiamen) was established under the laws of the PRC on 5 March 2013 with a registered capital of RMB1,000,000. Earthasia (Xiamen) was owned as to 75% by Earthasia (Shanghai) and 25% by Ms. Lin, an Independent Third Party other than her interest and employment in Earthasia (Xiamen). Ms. Lin has experience in the industry of landscape architecture and established networks in the PRC. There was no change in the shareholding of Earthasia (Xiamen) since its establishment and up to the Latest Practicable Date.

As at the Latest Practicable Date, Earthasia (Xiamen) was engaged in providing the landscape architecture services.

### **Earthasia (Guangzhou)**

Earthasia (Guangzhou) was established under the laws of the PRC on 30 July 2013 by Earthasia (Hong Kong) with a registered capital of RMB1,000,000. There was no change in the shareholding of Earthasia (Guangzhou) since its establishment and up to the Latest Practicable Date.

As at the Latest Practicable Date, Earthasia (Guangzhou) has not commenced business.

---

## HISTORY AND CORPORATE STRUCTURE

---

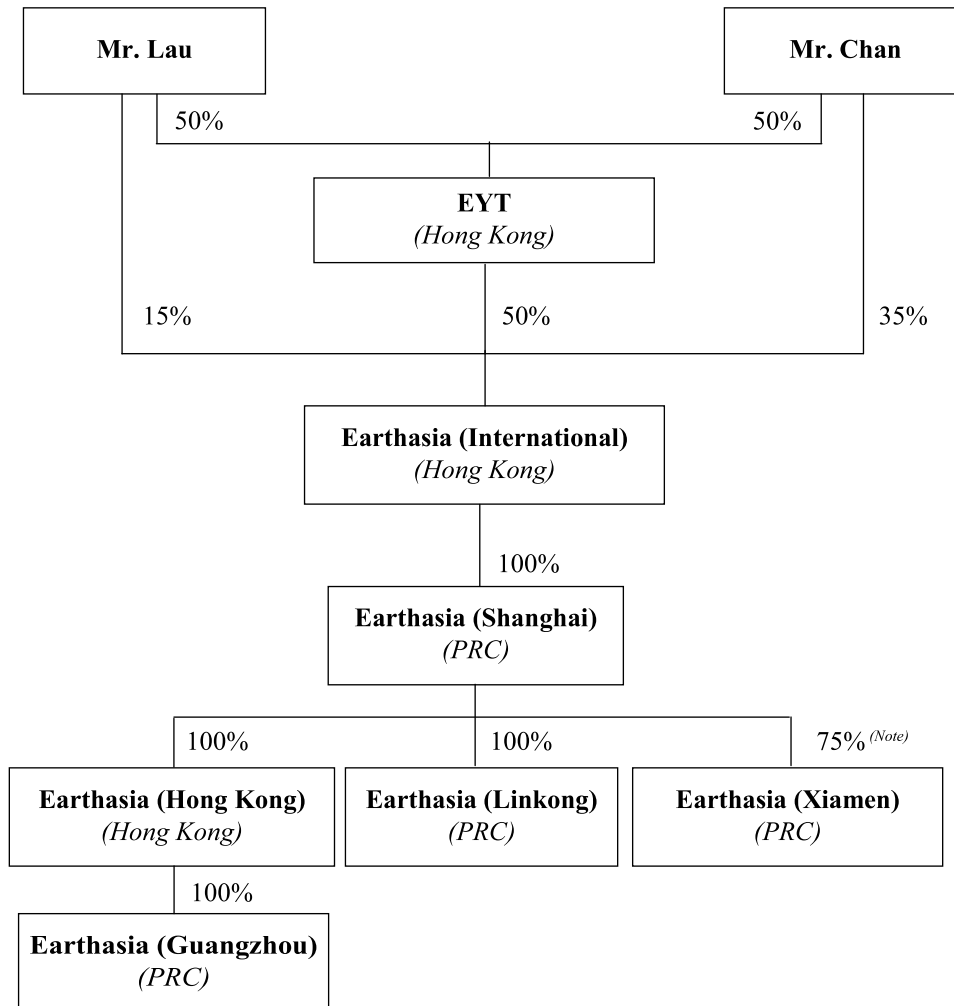
### Earthasia (Linkong)

Earthasia (Linkong) was established under the laws of the PRC on 20 November 2013 by Earthasia (Shanghai) with a registered capital of RMB1,000,000. There was no change in the shareholding of Earthasia (Linkong) since its establishment and up to the Latest Practicable Date.

As at the Latest Practicable Date, Earthasia (Linkong) was engaged in providing landscape architecture services.

### CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately before the Reorganisation:



*Note:* Earthasia (Xiamen) is owned as to 25% by Ms. Lin, an Independent Third Party other than her interest and employment in Earthasia (Xiamen).

---

## HISTORY AND CORPORATE STRUCTURE

---

### REORGANISATION

In preparation for the Listing, our Company was incorporated in the Cayman Islands and the companies comprising our Group have undergone a group reorganisation to rationalise our Group structure. The Reorganisation involved the following steps:

- (a) On 22 November 2013, LSBJ was incorporated in BVI with limited liability. LSBJ is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to Mr. Lau at par. LSBJ was set up to be a corporate shareholder of our Company.
- (b) On 22 November 2013, CYY was incorporated in BVI with limited liability. CYY is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to Mr. Chan at par. CYY was set up to be a corporate shareholder of our Company.
- (c) Our Company was incorporated in the Cayman Islands on 25 November 2013 as an exempted company with limited liability. As at the date of its incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued fully paid to Reid Services Limited at par, being the initial subscriber. On 25 November 2013, the one Share held by Reid Services Limited was transferred to CYY and additional 2,999 Shares and 2,000 Shares were allotted and issued fully paid to CYY and LSBJ at par, respectively.
- (d) On 27 November 2013, Earthasia (BVI) was incorporated in BVI with limited liability. Earthasia (BVI) is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to our Company at par. Earthasia (BVI) was set up to be an intermediate holding company and holds the entire issued share capital of Earthasia (International).
- (e) On 2 December 2013, our Company allotted and issued 3,000 Shares and 2,000 Shares (all credited as fully paid) to CYY and LSBJ respectively pursuant to the Share Swap Agreement, as consideration for the acquisition by Earthasia (BVI) of the entire issued share capital of Earthasia (International).
- (f) On 2 January 2014, the assignment and transfer of 4,998 shares and 4,997 shares of Earthasia (Manila) from Mr. Chan and Mr. Lau to Earthasia (International) respectively at par were legally completed. As a result, Earthasia (International) became the shareholder of Earthasia (Manila) holding 99.95% of the total issued and outstanding share of Earthasia (Manila).
- (g) On 16 January 2014, LSBJ and CYY transferred 1,700 Shares and 1,400 Shares to PBLA at the consideration of HK\$50,370,000 and HK\$41,480,000 respectively which were determined by reference to the financial position and profitability of our Group.
- (h) On 16 January 2014, our Company allotted and issued 454 Shares to PBLA at the consideration of HK\$15,000,000 which was determined by reference to the financial position and profitability of our Group.

---

## HISTORY AND CORPORATE STRUCTURE

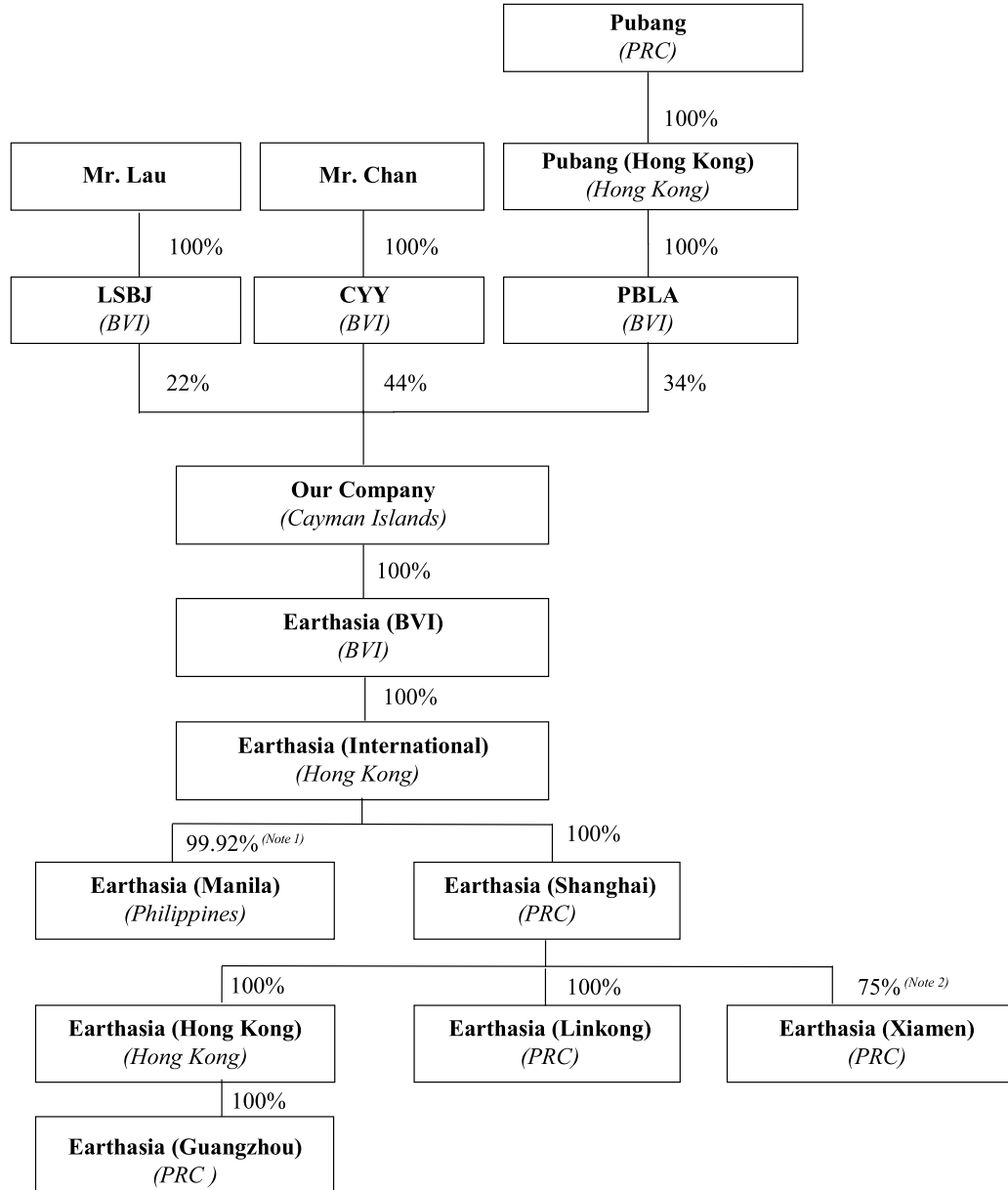
---

- (i) On 20 February 2014, the assignment and transfer of one share of Earthasia (Manila) from Earthasia (International) to each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles were legally completed. Each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles hold one share of Earthasia (Manila) on trust for Earthasia (International).
  
- (j) Each of Mr. Chan Yuen King Paul, Ms. Wong Lei Kam Winnie and Mr. Wong Lung Wa Andrew entered into a deed of sale with Earthasia (International) on 26 March 2014, 27 March 2014 and 27 March 2014 respectively for the transfer of one share of Earthasia (Manila) held by each of them to Earthasia (International) at par. Earthasia (Manila) is in the process of obtaining the Certificate Authorizing Registration from the Bureau of Internal Revenue of the Philippines and the transfer of the said shares will be legally completed once the said certificate is issued.

The Reorganisation setting out above has been properly and legally completed in compliance with all relevant laws and regulations save as step (j) above which has not been legally completed as at the Latest Practicable Date.

## HISTORY AND CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation and the Pre-IPO Investment but before completion of the Global Offering and the Capitalisation Issue:



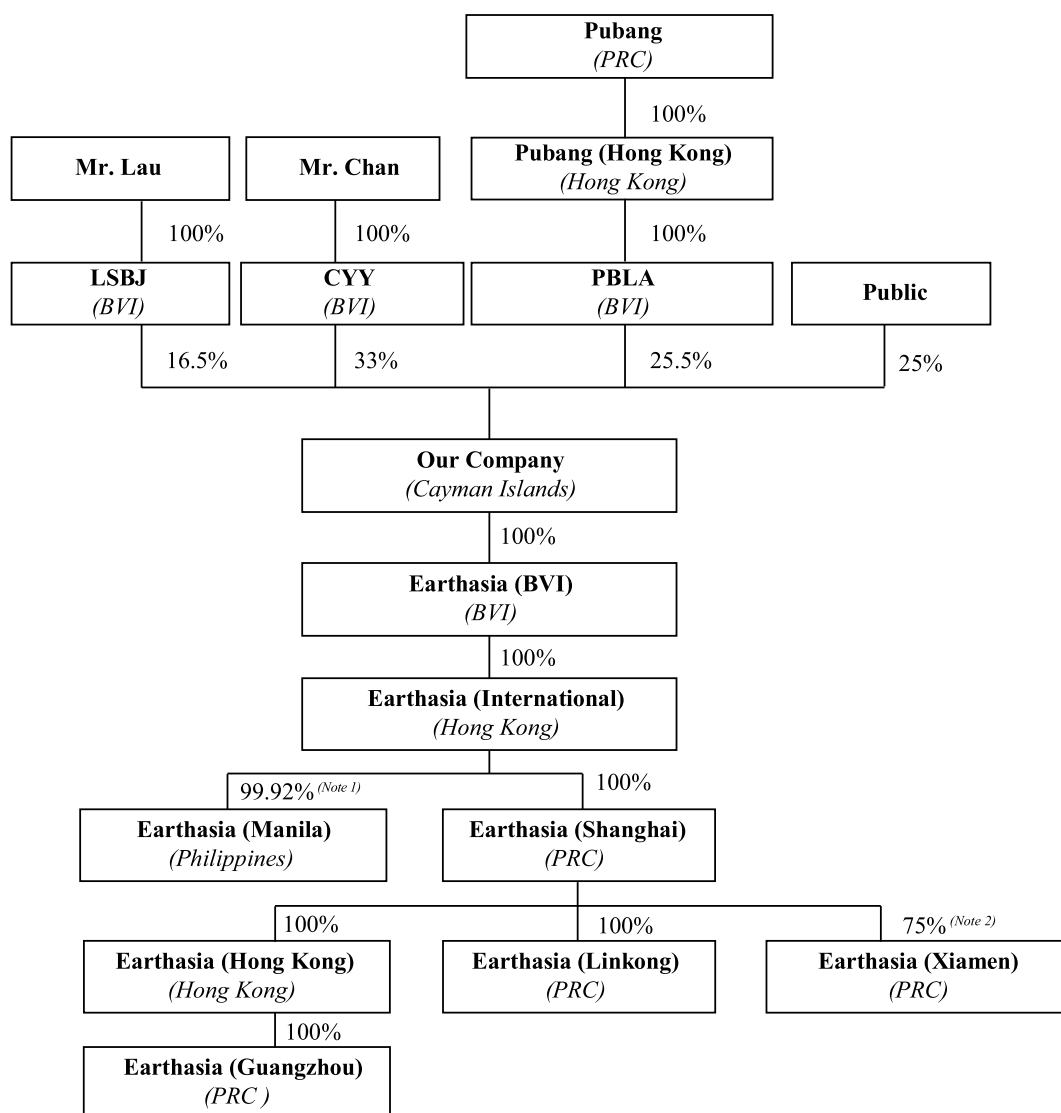
Note:

1. As at the Latest Practicable Date, Mr. Lau, Mr. Chan, Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja, Ms. Rosanna Derla Dedeles, Mr. Wong Lung Wa Andrew, Ms. Wong Lei Kam Winnie and Mr. Chan Yuen King Paul each held one share of Earthasia (Manila), together represented 0.08% of the total issued and outstanding share of Earthasia (Manila). Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles held the shares of Earthasia (Manila) on trust for Earthasia (International), as such Earthasia (Manila) was beneficially owned as to 99.95% by Earthasia (International).
2. Earthasia (Xiamen) is owned as to 25% by Ms. Lin, an Independent Third Party other than her interest and employment in Earthasia (Xiamen).



## HISTORY AND CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Global Offering and the Capitalisation Issue, but without taking into account the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme:



*Note:*

1. As at the Latest Practicable Date, Mr. Lau, Mr. Chan, Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja, Ms. Rosanna Derla Dedeles, Mr. Wong Lung Wa Andrew, Ms. Wong Lei Kam Winnie and Mr. Chan Yuen King Paul each held one share of Earthasia (Manila), together represented 0.08% of the total issued and outstanding share of Earthasia (Manila). Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles held the shares of Earthasia (Manila) on trust for Earthasia (International), as such Earthasia (Manila) was beneficially owned as to 99.95% by Earthasia (International).
2. Earthasia (Xiamen) is owned as to 25% by Ms. Lin, an Independent Third Party other than her interest and employment in Earthasia (Xiamen).

---

## BUSINESS

---

### OVERVIEW

We are a landscape architecture service provider predominantly in the PRC and Hong Kong. We offer a wide range of landscape architecture services to more than 600 clients including governments, public bodies, private property developers, state-owned property developers, town planning companies, architecture companies and engineering companies in the PRC and Hong Kong during the Track Record Period and up to the Latest Practicable Date. We undertake different types of landscape architecture projects which can be categorised into four types: (i) tourism and hotels projects; (ii) infrastructure and public open spaces projects; (iii) commercial and mixed-use development projects; and (iv) residential development projects.

According to the Ipsos Report, landscape architecture is the design of outdoor environment and the integration of plants, structures, and other auxiliary items in the design, while accounting for environmental, social, aesthetic outcomes. We principally offer landscape assessment, planning, design and related advisory services as may be required in the major stages of a typical landscape architecture project, which involve concept design, schematic design, design development, construction documentation, and construction inspection and review. Depending on our clients' need, we may be engaged for services in all major stages or for part of the landscape architecture project. As we may be engaged for the provision of landscape architecture services in a development project that would involve other consultants, such as architect, engineer and surveyor, we would be required to work with these consultants throughout the development project stages and we do not carry out any construction works.

Our Group has established long operating history tracing back to the incorporation of the operating subsidiary, Earthasia (Hong Kong), in Hong Kong in 1981 and its acquisition by our Group in August 2012 as a step of the Reorganisation, and subsequently, our Group has been further expanded to the PRC through the establishment of the subsidiary, Earthasia (Shanghai), in 2004. As at the Latest Practicable Date, we have established extensive network with offices covering Beijing, Chengdu, Guangzhou, Shanghai, Shenzhen, Wuhan, Xiamen, Xi'an, Hong Kong and the Philippines. We have also set up a liaison office in Changsha as contact point. To draw on the expertise of staff with lower operational costs, we have set up one office in the Philippines as our back-office providing support on design and drawing production services to our major operating subsidiaries in the PRC and Hong Kong. Our multi-city business model has enabled us to successfully establish a substantial presence in the PRC and undertook landscape architecture projects across all major regions in the PRC.

---

## BUSINESS

---

The following map shows the locations and the respective numbers of projects in the PRC and Hong Kong undertaken by us during the Track Record Period:



Apart from the PRC and Hong Kong, we have undertaken four projects in Macau and one project in the Philippines.

## BUSINESS

Our landscape architecture business has been focusing on the landscape architecture market in the PRC and Hong Kong. Leveraging on our extensive network, we intend to further consolidate our market position and presence in the PRC and Hong Kong in the near future. While our Group currently does not intend to focus or to expand to regions other than the PRC and Hong Kong, we will consider to explore business opportunities outside the PRC and Hong Kong when and if we encounter suitable landscape architecture projects. For each of the three years ended 31 December 2011, 2012 and 2013, we had undertaken 537, 629 and 656 projects, respectively, among which 159, 126 and 172 projects were new projects undertaken by our Group. Our revenue by geographical locations of the projects undertaken (completed or yet to be completed) during the Track Record Period was as follows:

	For the year ended 31 December								
	2011			2012			2013		
Number of projects undertaken <i>(Note 1)</i>	<i>HK\$'000</i>	%	Number of projects undertaken <i>(Note 1)</i>	<i>HK\$'000</i>	%	Number of projects undertaken <i>(Note 1)</i>	<i>HK\$'000</i>	%	
PRC	537	179,232	100.0	570	165,696	96.1	580	198,155	91.3
Hong Kong	-	-	-	56	4,910	2.9	73	15,562	7.2
Others <sup><i>(Note 2)</i></sup>	-	-	-	3	1,799	1.0	3	3,331	1.5
<b>Total</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

*Notes:*

1. The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 813, 83 and 5 projects undertaken by us in respect of each location of projects in the PRC, Hong Kong and others, respectively, constituting 901 projects in total.
2. During the Track Record Period, other than the PRC and Hong Kong, we had undertaken landscape architecture projects located in Macau and the Philippines only.

## BUSINESS

Our clients mainly include governments, public bodies and property developers in the PRC and Hong Kong. To the best knowledge of our Directors, all of our clients during the Track Record Period are Independent Third Parties. Our revenue by types of clients and the projects undertaken (completed or yet to be completed) during the Track Record Period was as follows:

	Total number		For the year ended 31 December									
	of clients	Number of	2011				2012				2013	
	attributable to	projects	Number of	Number of	Number of	Number of	Number of	Number of	Number of	Number of	Number of	
our revenue	undertaken	undertaken	undertaken	undertaken	undertaken	undertaken	undertaken	undertaken	undertaken	undertaken		
(Note 1)	(Note 2)	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000		
Governments and public bodies (Note 3)	60	48	19,260	10.7	52	17,856	10.4	45	13,530	6.2		
Property developers (Note 4)	515	479	158,180	88.3	537	150,365	87.2	565	191,034	88.0		
Others (Note 5)	48	10	1,792	1.0	40	4,184	2.4	46	12,484	5.8		
<b>Total</b>	<b>623</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>		

*Notes:*

- The clients above are categorised by groups and a client may include its subsidiaries and holding companies.
- The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 81, 757 and 63 projects undertaken by us in respect of each type of clients, namely, (i) governments and public bodies, (ii) property developers, and (iii) others, respectively, constituting 901 projects in total.
- Governments and public bodies include, without limitation, the local authorities and governmental institutional bodies.
- Property developers include (i) private and state-owned property developers in the PRC; and (ii) private property developers in Hong Kong.
- During the Track Record Period, we were also engaged by private and public construction companies, town planning companies, architecture companies, and engineering companies, etc. to provide landscape architecture services.

For each of the three years ended 31 December 2011, 2012 and 2013, our total revenue derived from our landscape architecture services amounted to approximately HK\$179.2 million, HK\$172.4 million and HK\$217.0 million, respectively, representing a CAGR of approximately 10.04%.

## BUSINESS

The table below sets out the summary of projects that have been completed including (i) number of projects; (ii) total contract sum; and (iii) revenue recognised by our Group during the Track Record Period:

	For projects completed								
	The PRC			Hong Kong			Others <sup>(Note)</sup>		
	Number of projects	Total contract sum HK\$'000	Revenue recognised	Number of projects	Total contract sum HK\$'000	Revenue recognised	Number of projects	Total contract sum HK\$'000	Revenue recognised
Projects with a contract sum of HK\$5,000,000 or above	5	46,239	2,140	1	5,366	1,314	1	8,826	1
Projects with a contract sum below HK\$5,000,000 but at or above HK\$2,000,000	64	184,662	54,441	-	-	-	-	-	-
Projects with a contract sum below HK\$2,000,000	293	244,998	87,018	14	5,634	726	1	100	100
<b>Total</b>	<b>362</b>	<b>475,899</b>	<b>143,599</b>	<b>15</b>	<b>11,000</b>	<b>2,040</b>	<b>2</b>	<b>8,926</b>	<b>101</b>

*Note:* During the Track Record Period, other than the PRC and Hong Kong, we had undertaken landscape architecture projects in Macau and the Philippines only.

The table below sets out the summary of the remaining projects that are yet to be completed including (i) number of projects; (ii) total contract sum; and (iii) revenue recognised by our Group during the Track Record Period:

	For projects yet to be completed								
	The PRC			Hong Kong			Others <sup>(Note)</sup>		
	Number of projects	Total contract sum HK\$'000	Revenue recognised	Number of projects	Total contract sum HK\$'000	Revenue recognised	Number of projects	Total contract sum HK\$'000	Revenue recognised
Projects with a contract sum of HK\$5,000,000 or above	21	132,310	42,789	5	36,085	6,925	1	7,220	4,035
Projects with a contract sum below HK\$5,000,000 but at or above HK\$2,000,000	142	428,565	187,995	16	43,477	5,835	-	-	-
Projects with a contract sum below HK\$2,000,000	288	332,308	168,701	47	39,043	5,671	2	1,650	994
<b>Total</b>	<b>451</b>	<b>893,183</b>	<b>399,485</b>	<b>68</b>	<b>118,605</b>	<b>18,431</b>	<b>3</b>	<b>8,870</b>	<b>5,029</b>

*Note:* During the Track Record Period, other than the PRC and Hong Kong, we had undertaken landscape architecture projects in Macau and the Philippines only.

---

## BUSINESS

---

The following table further sets forth the information about our projects that have yet to be completed as at 31 December 2013 with reference to the percentage of completion, which is estimated by referring to the actual costs incurred over the total budgeted costs which may be varied by each contract. For details of accounting treatment, please refer to the section headed “Financial information – Critical accounting policies and estimates – Percentage of completion of rendering of service” in this prospectus:

	<b>Number of projects</b>	<b>Total contract sum</b> <i>(Note 1)</i> <i>(HK\$'000)</i>	<b>Remaining contract sum</b> <i>(Note 2)</i> <i>(HK\$'000)</i>	<b>Revenue recognised during the Track Record Period</b> <i>(HK\$'000)</i>
<b>The PRC</b> <i>(Note 3)</i>				
Commencing <i>(Note 4)</i>	18	44,373	42,621	1,644
In progress <i>(Note 5)</i>	324	678,895	306,890	288,785
Completing <i>(Note 6)</i>	109	169,915	10,039	109,056
Sub-total	451	893,183	359,550	399,485
<b>Hong Kong</b>				
Commencing <i>(Note 4)</i>	10	20,326	19,603	602
In progress <i>(Note 5)</i>	52	84,067	52,538	15,096
Completing <i>(Note 6)</i>	6	14,212	430	2,733
Sub-total	68	118,605	72,571	18,431
<b>Others</b>				
Commencing <i>(Note 4)</i>	–	–	–	–
In progress <i>(Note 5)</i>	3	8,870	2,076	5,029
Completing <i>(Note 6)</i>	–	–	–	–
Sub-total	3	8,870	2,076	5,029
<b>Total</b>	<b>522</b>	<b>1,020,658</b>	<b>434,197</b>	<b>422,945</b>

*Notes:*

1. The total contract sum has included revenue recognised before the Track Record Period and thus may be more than the summation of remaining contract sum and revenue recognised during the Track Record Period.
2. Summation of contract sums of all projects in the category x (100% – percentage of completion)
3. As at 31 December 2013, 11 projects with the total contract sum of HK\$14.7 million have been awarded to us but not yet commenced.

---

## BUSINESS

---


4. Less than 10% of the project had been completed.
5. 10% to less than 90% of the project had been completed.
6. 90% or above of the project had been completed but does not include projects fully completed as at 31 December 2013.

### COMPETITIVE STRENGTHS

#### **Project team with professional and international qualifications and experience**

Our business operations rely mainly on our management and our project team consisting of four Directors leading other 426 employees in the PRC, Hong Kong and the Philippines. As at the Latest Practicable Date, 54 of our staff received professional qualifications from various jurisdictions covering the PRC, Hong Kong, UK, US, Canada and Australia. In relation to the landscape architecture service industry, our project team has received, among others, (i) Hong Kong qualifications including the Registered Landscape Architect and Certified Arborist of International Society of Arboriculture; and (ii) PRC qualifications including Landscape Engineer (Intermediate level), Landscape Engineer (Senior level), and Registered Planner (Intermediate level). Among our project team members, three designers had worked with overseas landscape architecture service providers and had participated in international projects each with more than 15 years of work experience in landscape architecture service industry. Besides, 23 senior staff including project directors and project managers under our project team are with an average of 13 years of work experience for the provision of landscape architecture services in the PRC and Hong Kong. For details, please refer to the section headed “Business – Major qualifications and awards” in this prospectus. Our Directors believe that these international insights and exposure brought by the overseas designers together with the local experience would contribute to the success of our Group in developing our landscape architecture business.

#### **Strong brand recognition**

The history of our Group can be traced back to 1981 when the operating subsidiary, Earthasia (Hong Kong), in Hong Kong was incorporated which was then acquired by our Group as a step of the Reorganisation in August 2012. We operated our business in the PRC through our subsidiary, Earthasia (Shanghai) which was established in 2004. We have then been providing a wide range of landscape architecture services under our trademark “ edg”<sup>®</sup>. We believe we have built a strong brand in the market due to our established position in the landscape architecture market in the PRC and Hong Kong. We have received awards in recognition of our integrated landscape architecture services. We were awarded the ISO 9001:2008 issued by The Hong Kong Quality Assurance Agency, the ISO 9001:2008 issued by the Sira Certification Service, the Award of Merit of 2006 HKILA Landscape Design Awards “Excellence in Landscape” for excellence in the design of Landscape Works for Penny’s Bay Development issued by HKILA and the Third Prize of the Industrial Award of Outstanding Engineering Survey Design-Municipal Public Work of Year 2009 for each of Wuhan Shouyi Culture Park and Wuhan Moon Lake Culture Theme Park issued by China Survey and Design Association.



---

## BUSINESS

---

Our Directors are of the view that our long operating history, together with these awards and 379 completed projects mostly in the PRC and Hong Kong during the Track Record Period, would increase our recognition and visibility in the market and enable us to attract potential clients as well as new business opportunities from existing clients. Such brand recognition also helps us attract talents and enables us to further improve the quality of our services and competitiveness.

### **Experienced management team**

We are of the view that the strength of our management team is fundamental to our success. Mr. Lau, our executive Director, possesses over 30 years of work experience in operation and management in the landscape architecture service industry. Mr. Lau has been a registered landscape architect under the LARO since September 1999. After joining our Group in October 1986, Mr. Lau has been leading our Group to complete various projects including more recently the City of Dreams in Macau and the West Kowloon Cultural District in Hong Kong. Mr. Lau has also actively taken up some principal leadership positions in the society such as the chairman of the Asian Habitat Society (亞洲人居環境協會), member of the Town Planning Board and Lands and Development Advisory Committee, and the president of HKILA.

Mr. Chan, our executive Director, has over 28 years of work experience in operation and management in the landscape architecture service industry and has been a Registered Landscape Architect under the LARO since September 1999 and a fellow member of HKILA since November 2008. Before joining our Group in January 1991, he served respectively in BCG Landscape Architect Inc., as its partner and landscape architect and EDA Collaborative Inc. as its intermediate landscape architect in which he gained experience in the provision of landscape architecture services. Being our chief designer, he has led our Group to undertake several substantial projects including the development of an international theme park resort in Penny's Bay, Hong Kong and the Beijing Olympic Athletes' Village. Mr. Chan has obtained his professional qualifications from both local and overseas institutions in Hong Kong, the United Kingdom and Canada.

Our other Directors, Mr. Tian Ming, Mr. Michael John Erickson, Mr. Ma Lida and Ms. Huang Yaping, have in average 15 years of work experience in landscape architecture service industry. In particular, Mr. Michael John Erickson, the non-executive Director, has been serving in the landscape architecture service industry for over 18 years with solid experience in leading and participating in various landscape architecture projects. For biographical details of our Directors, please see the section headed "Directors, senior management and employees" in this prospectus.

### **Effective and comprehensive staff management**

Staff meetings and seminars are held on a monthly basis in relation to the recent developments of the landscape architecture service industry, updates on any relevant laws and regulations and reviews on our Group's internal policies which set out various guidelines, instructions and operational rules regarding our business. In addition, members of HKILA are required to obtain 12 points of continuous professional development training annually for their renewal of membership. Our Directors would lead these staff meetings and seminars. In other cases, we would invite other experts in the landscape architecture service industry to be the speakers of our staff meetings and seminars. Our materials for staff meetings and seminars would be reviewed by our management ensuring that the information contained is up-to-date and useful. We

---

## BUSINESS

---

plan to provide trainings to further cover specialised areas under the landscape architecture service industry such as aquatic system, signage and nightscape designs to correspond with our business plan to provide specialised design services and to strengthen the specific knowledge and skills of our staff.

Our Directors believe these activities can ensure our staff are more easily integrated into the work culture of our Group, while equipping them with the necessary job-specific skills so as to increase overall efficiency and quality to our Group, and meanwhile, it serves as an effective means to promote staff sense of belonging and enhance staff relationship.

We believe that the extensive experience and expertise of our management team, complemented by our high quality workforce will allow us to assess market trends, understand the needs and provide professional services to our clients as well as to ensure quality of our works. Our position as a reputable service provider in the landscape architecture market will be further strengthened enabling us to capture more business opportunities and ensure the smooth and effective implementation of our plans and strategies under the continual cooperation between our management and staff.

### **Capability to adapt to the market**

The contract sum of our projects entered into between our clients and us ranged from HK\$20,000 to HK\$15.3 million during the Track Record Period. While the contract sum would be determined with reference to our pricing policy and other factors, including the scope of engagement, the complexity of project, the client relationship and any associated risks, the range of contract sum can reflect our flexibility in allocating resources for these projects.

We are engaged in different types of projects consisting of tourism, hotels, infrastructure, public open spaces, commercial and mixed-use development, and residential development. Our Directors believe that the variety of our projects reflect the capability of our business operations and could build up our client portfolio to cater for different clients' needs in the provision of landscape architecture services.

During the Track Record Period, we provided landscape architecture services in our projects widely dispersed in the PRC, including Shandong, Beijing, Guangdong, Shanghai, Hubei, Sichuan, Yunnan. To better facilitate clients' needs from different regions, apart from our operating subsidiaries in Shanghai, Guangzhou and Xiamen, we have also established seven branch offices in some of the major cities in the PRC covering Beijing, Chengdu, Shenzhen, Wuhan, Xi'an and one liaison office in Changsha as at the Latest Practicable Date. Our Directors believe that our staff at different branch offices and liaison office can integrate their professionalism into the provision of landscape architecture services to satisfy different clients' needs and fulfil compliance requirements as set out in each engagement. Our Directors are further of the view that while these cities may be under different urbanisation levels, our Group can benefit from their local developments to solidify and expand our client base.

### **Strong and solid client base in the PRC and Hong Kong**

We have maintained stable and long term client relationship with our clients including sizeable property developers and government bodies in the PRC and Hong Kong. We gained stable revenue through this established client base. We derived a significant portion of our revenue from our recurring clients, amounting to approximately 56.8%, 60.5% and 58.1% of our total revenue for each of the three years ended

---

## BUSINESS

---

31 December 2011, 2012 and 2013, respectively. We have maintained stable business relationship with our clients. Our Directors are of the view that through our quality services and close contact with our clients, we would be able to maintain our client relationship and to continuously gain from the stable source of revenue.

The table below sets forth the breakdown of our clients by length of business relationships with our Group as at 31 December 2013 and their respective total revenue recognised by our Group in relation to projects undertaken (completed or yet to be completed) during the Track Record Period:

<b>Length of business relationships</b>	<b>Number of clients involved</b>	<b>Number of projects involved</b>	<b>Total revenue recognised by our Group</b>	
			<i>HK\$'000</i>	%
Less than one year	117	121	72,795	12.8
One year or above but less than five years	390	502	361,841	63.6
Five years or above	<u>116</u>	<u>278</u>	<u>134,049</u>	<u>23.6</u>
<b>Total</b>	<b><u>623</u></b>	<b><u>901</u></b>	<b><u>568,685</u></b>	<b><u>100.0</u></b>

### **Possession of qualifications and capabilities to undertake government landscape architecture projects**

In the PRC, Earthasia (Shanghai) has been granted the Category B Qualification, which enables us to extend our scope of work to make official submission to the relevant authorities in the PRC for various stages of our workflow in any landscape architecture projects with investment amount not exceeding RMB20 million in accordance with the specified criteria in the PRC.

In Hong Kong, we are registered as a listed consultant under the landscape architectural category of the AACSB. Although companies are generally not required to hold any industry specific qualification, licence or permit to carry out landscape architecture projects in Hong Kong, our Directors consider that it is our competitive edge to be able to undertake landscape architecture projects for the Hong Kong Government. By being able to participate in government sizeable landscape architecture projects in the PRC and Hong Kong, we possess the necessary capabilities and job reference to undertake sizeable landscape architecture projects and are able to withstand stiff competition introduced by other smaller-sized landscape architecture service providers.

### **Stringent internal quality control procedure**

As at the Latest Practicable Date, we did not have any material non-compliance incidents reported during the provision of our landscape architecture services nor have we received any claims from our clients under the professional indemnity insurance and other applicable indemnity clauses. Our Directors believe that it was largely attributable to our on-job training and seminars provided to our new recruits and staff and our stringent internal quality control system.

---

## BUSINESS

---

We complied with the ISO 9001:2008 quality management system standard applicable to the provision of design and advisory services in landscape architecture for our operation in the PRC and Hong Kong. We have obtained the relevant certificates for our Hong Kong subsidiary, Earthasia (Hong Kong) since 1996, and our PRC subsidiary, Earthasia (Shanghai), since January 2014. Moreover, we have implemented a set of internal quality control procedures to ensure the quality of our work. All design drawings prepared by our project team will be approved by our quality control team consisting of our management, project directors and project managers before delivering to our clients. These design drawings include concept design with sketches and working models, schematic design drawing and sketches, design development documents with definitive design drawings and technical specifications, and construction plans on hardscape and softscape. This approval aims at ensuring our designs are in compliance with the applicable regulations and in line with our clients' expectations. Feedbacks and comments may be provided to our project team for further modifications.

### **Sufficient internal resources in fulfilling clients' request**

In terms of the scale of our operations, we managed to undertake 901 projects during the Track Record Period covering various types of projects. While clients may have different requests including tight timeline for the completion of projects, we had sufficient internal resources such as manpower to handle various requests. As at 31 December 2011, 2012 and 2013, we had 399, 451 and 460 employees to assist in business operations. As at the Latest Practicable Date, with a strong and professional team consisting of 483 employees and efficient allocation of resources, we are capable of handling great variety of projects including those with tight timeline upon clients' request. We will also maintain close communication with our clients throughout the process to ensure their needs are satisfied, provide our professional advice from time to time and respond promptly to any of their enquiries.

Our Directors believe that our internal procedures can ensure our works are up to standard and at the same time satisfy our clients' needs. It will enable us to solidify our market position and attract new clients to increase our market shares.

## **BUSINESS STRATEGIES**

### **Maintain and enhance our professional expertise**

The key to the success of our Group as a wide range professional service provider of landscape architecture is the expertise of our Directors and professional staff. Our executive Directors and our team of professionals possess professional qualifications, professional memberships and professional licences in various specialties including HKILA, The Canadian Society of Landscape Architects, the American Society of Landscape Architects, the UK Landscape Institute as well as the Australian Institute of Landscape Architects. We believe that our staff is a very important asset and our Group will continue to provide training to our project team to enhance their professional competence and to support the growth of our Group. In addition to the monthly staff meetings and seminars, we will encourage our staff to attend various events and functions organised by HKILA and other organisations to broaden their knowledge and exposure. We will review our human resources policy, particularly, the promotion arrangements in order to retain our current staff. We would give talks and arrange tours in universities to recruit suitable staff in the PRC to sustain our continual growth.

---

## BUSINESS

---

### **Expand the coverage of our business in the PRC and Hong Kong**

As at the Latest Practicable Date, we have established our operations in the PRC through our operating subsidiary, Earthasia (Shanghai), which was established in the PRC in 2004 and Hong Kong through our major operating subsidiary, Earthasia (Hong Kong), which was incorporated in Hong Kong in 1981. Since many cities in the PRC are undergoing different urban renewal projects, our Directors believe that the demand for landscape architecture services will increase in the PRC. In addition, we also believe that the establishment of our branch offices and liaison office in first-tier and second-tier cities will enhance our brand awareness and benefit us by enabling us to seize the increasing opportunities in the PRC. We intend to expand our office base into other regions in the PRC by setting up five branches in Qingdao, Chongqing, Nanchang, Nanning and Hainan in order to solidify our position as one of the landscape architecture service providers in our target regions in the PRC.

We currently have not established offices in these regions and our Directors identified these places through their management experience. Our Directors believe given that there were more projects concentrated in these regions during the Track Record Period as compared to other regions, they also recognise more well-established client relationship with clients in these regions. Expanding office base into these regions in the PRC can facilitate and maintain client contact with their offices located also in these regions.

Our Directors further believe that with our business coverage in these regions, stronger bonding with clients can be established to facilitate long term client relationship.

We also intend to capture more business opportunities in Hong Kong through cooperation with the Hong Kong Government under the new housing schemes including the new development projects in the coming years.

### **Expand our scope of services**

In relation to our landscape architecture services, other business opportunities may arise in a landscape architecture project in which specialised services would be required. It may be due to clients' needs for the expertise over some technical designs or solutions to the project. We intend to further provide specialised designs over signage, aquatic system and nightscape. These specialised designs are under a separate stream of landscape architecture services. To develop into this specialisation, we would require our staff to possess such expertise or work with other sub-consultants. These sub-consultants with the expertise in specialised designs can be appointed by client separately or directly engaged by us. In addition to the specialised designs, we intend to further expand the scope of our landscape architecture services on arboriculture. We believe additional business opportunities would be generated for our Group if we are able to offer wider scope of landscape architecture services.

During the Track Record Period, we have undertaken in one project of signage designs, one project for aquatic system designs in the PRC and two arboriculture projects in Hong Kong.

- signage designs: we engaged a sub-consultant for the provision of design services over logo of a theme park, signage placed in public area, signage placed in entertainment area, overall signage design and signage placed in other areas.

---

## BUSINESS


---

- aquatic system designs: we engaged a sub-consultant to produce designs on water-related features and calculation of the water flow to improve the water system as in a landscape.
- arboriculture services: we provided advisory services on the maintenance of plantation based on our assessments. These services are led by our qualified staff being a Hong Kong certified arborist and a registered landscape architect.

Such participation has not only provided us with business opportunities but also built up our branding image as a landscape architecture service provider offering landscape architecture specialisation services. Our Directors intend to further expand and establish our service scope through cooperating with other business entities. As at the Latest Practicable Date, we have yet to identify specific target. While we have entered a one-year cooperation agreement with the sub-consultant specialising in aquatic system design, our Directors also intend to expand our service scope through cooperation of other business entities. As at the Latest Practicable Date, we have yet to identify business targets and particular means of cooperation.

In view of the possible synergies generated by the landscape architecture services offered by us and the additional revenue derived from such business segments, we will place further efforts to capture such business opportunities and increase our market share in the landscape architecture service industry in the PRC and Hong Kong.

### **Continue to further enhance our brand name recognition**

We believe that our brand name registered as trademark in the PRC and Hong Kong,  “eadg 泛亞國際”, has been paramount to our past record and will underpin our development in the future. We will continue to focus on delivering a consistent and unified brand image of an integrated landscape architecture service provider. We believe that the visibility of our past landscape architecture projects is the best advertisement and will enhance the recognition of our brand name. In addition, our Directors believe that through the Listing, the profile and public awareness of our Group and our industry will be significantly enhanced and this will form the foundation for our Group to expand and grow in the future. Our Directors will continue to participate in related industry conferences and activities to promote our brand.

### **Continue to emphasise and maintain the quality of landscape architecture services**

We adopt our own quality management manual designed to comply with the requirements of ISO 9001:2008 in Hong Kong for the provision of our landscape architecture services. Our Directors believe that through the implementation of effective quality management system we can meet client and applicable statutory and regulatory requirements. We will continue to apply our internal control procedures to ensure the quality of our projects and to further standardise and streamline different areas of our operations. We will also continue to implement strict internal quality control measures to monitor our quality and workmanship throughout the process.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that our Group had not received any material complaints or disputes in relation to our quality of services from our clients.

---

## BUSINESS

---

### **Adhere to prudent financial management to ensure sustainable growth and capital sufficiency**

We will continue to closely monitor our cash balance and will continue to take prudent measures for cost control. In the process of identifying and capturing emerging opportunities, we will continue to focus on projects on a selective and prudent basis which are profitable and of high-profile in nature. Our project managers, are responsible for evaluating the profitability of a potential project based on estimated cost and resources involved. They will prepare a project plan for the approval of our finance team and our management, including our Directors and project directors. We will continue to focus on our internal control system to ensure adequate cash flow to fulfil our ongoing capital requirements, improve our operating facilities and technologies and streamline our operational processes to achieve savings in our costs. We will remain disciplined in our capital commitments and seek long-term financing opportunities.

### **OUR PRINCIPAL BUSINESS**

We first commenced our business in Hong Kong as a landscape architecture service provider with Mr. Lau and Mr. Chan who became the shareholders of Earthasia (Hong Kong), respectively, in 1987 and 1992, and together acquired the entire interest of Earthasia (Hong Kong) in 2005. Since 2004, we have been focusing on the PRC market with the establishment of our PRC subsidiary, Earthasia (Shanghai). We have been providing landscape architecture services through our major subsidiaries in the PRC and Hong Kong, namely Earthasia (Linkong), Earthasia (Shanghai), Earthasia (Xiamen), Earthasia (Hong Kong) and Earthasia (International), respectively. Other than the PRC and Hong Kong, we have also set up Earthasia (Manila) in the Philippines to draw on the staff with relevant expertise in the Philippines with lower operational costs in order to provide our major operating subsidiaries with back-office supporting services.

In general, a development project carried out by a developer despite its nature of development would involve the following stages of work:

- concept design;
- schematic design;
- design development;
- construction documentation; and
- construction inspection and review.

To complete these stages of work, the developer would engage various consultants including architect, landscape architect, town planner, interior designer, structural engineer, building service engineer, quantity surveyor, or as the case may be, heritage conservation consultant. Different stages of work would require different combinations of consultants to complete the respective tasks.

We provide a wide range of landscape architecture services comprising concept design, schematic design, design development, construction documentation, and construction inspection and review. Depending on the needs of our clients, we may be engaged as a consultant under certain stage of work as compared to the entire development or cooperate with other consultants as a development project may require. In some engagements, we would engage sub-consultants to provide specialised design services or other expertise including architectural or engineering services throughout various work stages of the development project.

---

## BUSINESS

---

We were granted the Category B Qualification by the Shanghai Urban Construction and Communication Commission on 21 March 2012. Pursuant to the Administrative Regulations on Construction Engineering Reconnaissance and Design Qualification (建設工程勘察設計資質管理規定) and the Administrative Rules on Construction Engineering Reconnaissance and Design (建設工程勘察設計管理條例), we would require a design qualification for construction engineering design documents to be endorsed and submitted to competent government authorities as official submission. Prior to the obtaining of the Category B Qualification, our operations were limited to provide landscape architecture services under the following situations:

- (i) we provided landscape architecture advisory services which did not require us for such official submission; and
- (ii) we were required to engage or cooperate with a sub-consultant with relevant professional qualification if such official submission was required under the provision of our services.

Having obtained the Category B Qualification in 2012, we extended the scope of our landscape architecture services to cover official submission for schematic design, design development and construction documentation in projects under which our Category B Qualification was recognised by the competent government authorities in the PRC.

In Hong Kong, certain departments of the Hong Kong Government specifically require works to be done by registered landscape architects, namely, the submission of self-certificate of compliance in respect of tree works and landscape master plan. Our services are then required to fulfil the requirements from these departments.

The Directors confirmed that our operations are not in violation of the applicable laws and regulations in the provision of these services in the PRC and Hong Kong in any material respect. For details of the applicable laws and regulations in the PRC and Hong Kong, please refer to the section headed “Regulatory overview” in this prospectus.

We distinguished ourselves from our other competitors by providing a wide range of landscape architecture services. Our landscape architecture projects may range from large scale over a locality or district development to small scale development focusing on a particular type of premise or construction. The provision of our landscape architecture services would be premised upon clients’ engagement usually setting out the principles and specifications as required by our clients or competent government authorities. These principles and specifications would be subject to changes of clients’ expectations and the application laws, regulations and rules.

Our four major types of landscape architecture projects are (i) tourism and hotels projects; (ii) infrastructure and public open spaces projects; (iii) commercial and mixed-use development projects; and (iv) residential development projects. Tourism and hotels projects mainly involve landscape architecture of theme parks, resorts and hotels, while infrastructure and public open spaces projects involve municipal or local government works in relation to infrastructure, public areas, public parks and public green areas of property developers. Shopping arcades, office buildings or mixed-use commercial and residential premises are the usual works involved in commercial and mixed-use development projects, while any works involving residential club house, podiums, gardens or recreational area would be categorised as residential development projects. Different types of projects are assigned to our project team members with combination according to their respective experiences.



---

## BUSINESS

---

### Projects undertaken

Over the years, we have completed a significant number of sizeable landscape architecture projects for our clients in the PRC, Hong Kong, Macau and the Philippines. The following table sets forth some examples of sizeable landscape architecture projects undertaken by us in the PRC and Hong Kong:

Project type	Total contract sum	Description
An international theme park resort <ul style="list-style-type: none"><li>• Location: Huzhou, Zhejiang, the PRC</li><li>• Stage of completion of our work as at 30 April 2014: approximately 95.0%</li></ul>	Above HK\$5,000,000 <i>(Note 2)</i>	It was a tourism and hotels project awarded to us by referral in which we were engaged for landscape design of a theme park for a well established Japanese cartoon. Our scope of services covered landscape planning and design over pedestrian area, landscape structure, aquatic landscape features, plantation and other advisory services throughout all major stages of the project workflow.
A national high technology industrial development district <ul style="list-style-type: none"><li>• Location: Tsingdao, the PRC</li><li>• Stage of completion of our work as at 30 April 2014: 100.0%</li></ul>	Above HK\$5,000,000 <i>(Note 3)</i>	It was a public open spaces project awarded to us by tendering in which we were engaged for landscape design of the public area and infrastructure features. Our scope of services covered the detailed landscape planning and design over different areas of the district including a river, a park with aquatic system a wetland park, and other advisory services as required throughout all major stages of the project workflow. We would have to consider client's planning targets and principles in view of the nature of the district location, surrounding areas, environment and ecosystem.
A designated cultural district <ul style="list-style-type: none"><li>• Location: West Kowloon, Hong Kong</li><li>• Stage of completion of our work as at 30 April 2014: approximately 80.6% <i>(Note 4)</i></li></ul>	Above HK\$5,000,000 <i>(Note 5)</i>	It was a public open spaces projects awarded to us by tendering in which we were engaged for landscape design of the cultural district, assisting our clients in the subsequent tendering process, and the supervision of the relevant construction process. Our scope of services covered landscape planning and design over the project site taking into account (i) development requirements by relevant government authorities; (ii) functional requirements and working parameters for arts and cultural facilities, residential developments, office developments, and hotel developments; (iii) analysis of the surrounding built-up areas; and (iv) the technical assessments on traffic and transport, highway infrastructure, environment, and other specified aspects.

## BUSINESS

*Notes:*

1. There were no other landscape architecture service providers in these projects and only sub-consultants were engaged for the provision of part of the services.
2. During the Track Record Period, approximately HK\$6.0 million was recognised by our Group as revenue.
3. During the Track Record Period, approximately HK\$35,000 was recognised by our Group as revenue. We have engaged three sub-consultants for the provision of parts of the landscape architecture services covering landscape planning and design of construction plans.
4. The stages of completion for the three contracts as at 30 April 2014, which were entered by Earthasia (Hong Kong) on 10 July 2009, 8 February 2012 and 21 December 2012, were approximately 87.9%, 94.9% and 25.4%, respectively.
5. The contract sum was derived from three contracts, which were entered by Earthasia (Hong Kong) on 10 July 2009, 8 February 2012 and 21 December 2012, respectively. The revenue recognised from these three contracts during the Track Record Period was approximately HK\$1.8 million. We had engaged four sub-consultants for the provision of professional services other than landscape architecture services covering quantity surveying services, and civil engineering, structural engineering and building services engineering related services.

The following table sets out the number of the landscape architecture projects undertaken (completed or yet to be completed) and respective revenue recognised by our Group by types of projects during the Track Record Period:

	For the year ended 31 December								
	2011			2012			2013		
	Number of projects undertaken <i>(Note)</i>	HK\$'000	%	Number of projects undertaken <i>(Note)</i>	HK\$'000	%	Number of projects undertaken <i>(Note)</i>	HK\$'000	%
Residential development projects	305	101,926	56.9	321	84,485	49.0	338	108,786	50.1
Commercial and mixed-use development projects	115	36,965	20.6	155	44,136	25.6	163	56,540	26.1
Infrastructure and public open spaces projects	81	30,006	16.7	111	28,119	16.3	109	29,340	13.5
Tourism and hotels projects	36	10,335	5.8	42	15,665	9.1	46	22,382	10.3
<b>Total</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

*Note:* The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 456, 206, 175 and 64 projects undertaken by us in respect of each type of projects, namely, (i) residential development projects, (ii) commercial and mixed-use development projects, (iii) infrastructure and public open spaces projects, and (iv) tourism and hotels projects, respectively, constituting 901 projects in total.

---

## BUSINESS

---

### PROJECT IDENTIFICATION

#### Source of clients

In most cases, we source clients by referral and recurring of previous clients. We receive referrals from previous clients, existing clients and other third parties from different industries, covering advertising media, decoration, advertising, investment, decoration engineering, construction engineering design and investment consultancy. During the Track Record Period, approximately 90.0% of our projects in terms of number of projects are awarded to us through these channels. We also source potential projects through tenders by invitation and tenders by referral. During the Track Record Period and up to the Latest Practicable Date, approximately 10.0% of our projects in terms of number of projects are awarded to us through tendering. We generally receive invitations for tender directly from our clients. Our Directors confirm that we have not been involved in any violation, collusion or circumvention of the applicable laws and regulations relating in particular to the tendering procedures as may be required during the Track Record Period and up to the Latest Practicable Date. Our PRC Legal Advisors are of the view that they are not aware of any breaches or violations of the applicable laws and regulations for our Group in obtaining the projects during the Track Record Period.

Our Directors are of the view that our past job reference, relationship with clients and our network in the landscape architecture service industry are assets valuable to us in assisting us in capturing more business opportunities in the future.

#### Tendering

In the PRC, unless there is a pre-tender qualification selection process which is opened to the public, at least three tenderers would usually be involved in the tendering process. This method is more commonly adopted in projects with governments and is mandatory for certain projects in the PRC and Hong Kong. The major steps involved under the tendering process are summarised below:

*(a) Tender analysis*

Upon receipt of an invitation for tender, our project director or project manager will request for and review and evaluate the tender documents and make enquiries with our potential clients where necessary in order to identify the scope of works, terms of contracts, schedule, statutory and technical requirements and to ensure the information contained in the tender document is sufficient and clear to us before preparing our tender. A preliminary assessment of the feasibility and manageability of the project will be conducted to ensure we will have sufficient resources to complete the project. A site visit may also be conducted to understand the site conditions and constraints.

*(b) Preparation of tender*

In the event that our project director decides to submit a tender for the project, our project manager and the marketing team will then work together to prepare for the tender submission in accordance with the requirements and specifications set out in the tender documents. We take into account various factors including the site conditions, expected schedule, resources required and other factors in preparing our tender.

---

## BUSINESS

---

(c) *Tender submission*

Before the tender submission is made, it will be approved and signed by our project directors. It generally takes no more than two months for us to prepare a tender submission and it takes approximately one to three months before the result of the tender is made known to us.

If we are successful in the bidding, a formal notification letter of the acceptance of tender will be issued by the client and we will enter into a formal engagement contract.

### **Contract negotiation**

Upon receipt of a potential project proposal, our project team will first assess the feasibility and manageability of the project proposal and conduct site visits whenever necessary.

If we decide to proceed with the project proposal, our project team will then make a preliminary estimation of the costs plus a mark-up margin and prepare for a preliminary outline and quotation to be approved by our project director, taking into consideration various factors including but not limited to the scope of the engagement, the complexity of the project, the client relationship and any associated risks, with reference to our standardised pricing policy. Our pricing policy is mainly formulated based on project type, size of project site, location of project, stages of workflow involved and other major indications, such as, the number of site visits and combination of key personnel required. For each of the three years ended 31 December 2011, 2012 and 2013, we had recorded 24, 27 and 23 loss-making contracts, respectively. The revenue recognised from these loss-making contracts were approximately HK\$4.8 million, HK\$4.8 million and HK\$2.3 million for each relevant period, representing approximately 2.7%, 2.8% and 1.1% of the total revenue for each relevant period, respectively. As reviewed by our Directors, these loss-making contracts were mainly due to the competitive pricing we offered to our clients as a strategy to maintain and establish client relationship and given the insignificant proportion of these loss-making contracts, our Directors consider that the positive impacts brought by these loss-making contracts can outweigh the adverse financial impacts on our Group. The quotation will usually be accompanied by a list of our major projects, the resumes of our key designers or a specialised project portfolio of our Company.

Our project director or project manager will commence the process of drafting the engagement contract when the potential client agrees to the preliminary quotation. In order to mitigate the risk of cost overrun and exert better management over costs, we would normally include cost reimbursement clause in our contracts with clients under which we can be indemnified by our clients additional costs and expenditure incurred from schedule delayed or other events beyond our control. During the Track Record Period, the contracts we entered into with our clients were either prepared by our clients or by us. Below are some of the generalised terms included in most of our contracts:

Contract period	:	We may have a fixed contractual period, usually of two to three years; or we may follow our client's programme of work
Disbursements	:	Our contractual sum usually covers all ordinary disbursements incurred by us during the project, unless where the disbursements are expected to be substantial or otherwise specified

---

## BUSINESS

---

- Payments : Our client shall pay us in instalments, based on the major milestones of our work executed during the project
- Variations of drawings and landscape layout and construction plans : Additional fee may be charged on any adjustments exceeding a specified scope to be made to the drawings, landscape layout and construction plans due to reasons not attributed to us
- Suspension or delay of project : Upon suspension of the project, our engagement contract may be terminated and fees based on our work done so far will be payable to us by our client
- If the project is resumed within a specified time, we will continue with our obligations as specified in our contract. Compensation will be payable to us for any additional work incurred due to the delay
- Termination : If our client unilaterally terminates our engagement contract due to reasons not attributed to any party, our client shall pay for our work done so far and all payments previously made shall not be refundable. We are also entitled to a certain amount of compensation
- If we unilaterally terminate our engagement contract, we shall be liable to refund any deposit money paid by our clients in addition to a certain amount of compensation
- Compensation : Compensation in the form of deduction of service fee payable by our client or at an agreed rate per day may be levied on us if we fail to meet the schedule requirements of the project
- Copyright and ownership of our work : The copyright in our work will remain clients' or our property depending on the negotiation in our engagement

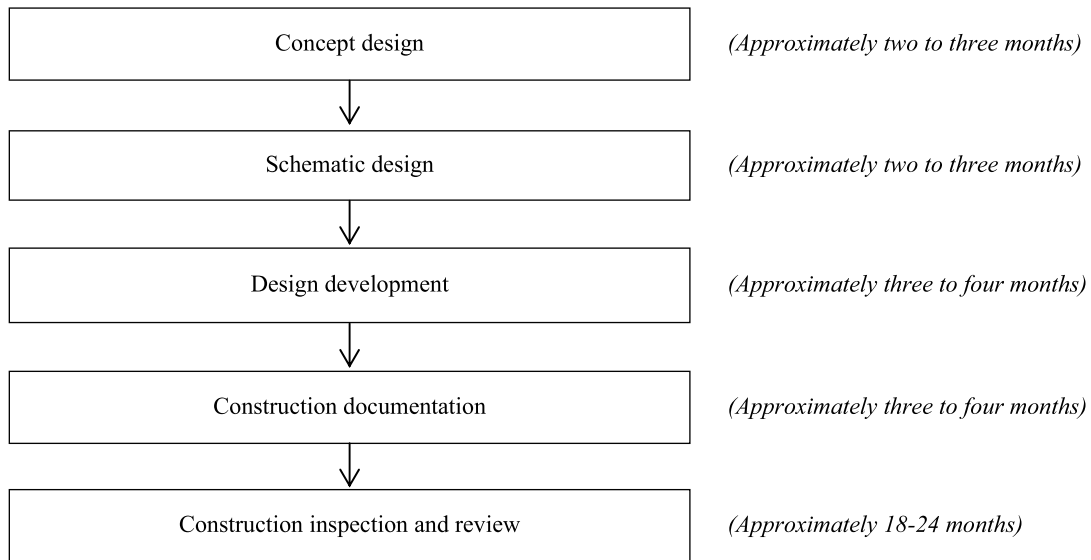
---

## BUSINESS

---

### PROJECT WORKFLOW

Our operating procedure in respect of the landscape architecture services principally involves concept design, schematic design, design development, construction documentation, and construction inspection and review. The major stages and the usual timeframe in a typical landscape architecture project are as follows:



We have established a comprehensive project management system covering all major stages of our landscape architecture projects. The entire process from the time of entering into a contract to completion of the landscape architecture project generally takes two to three years. The longer the project takes, the less profitable the project will become due to the increased time and resources spent. The length of completion for a project varies according to a number of factors, including the size of the project site, technical features and complexity of the project, progress of the site construction, timelines specified by our clients, timing of approvals and consents for the design plans and construction plans from the competent government authorities. Considering that these factors may vary in each contract affecting also the major stages in a project, there is no particular usual timeframe for each of these major stages. In particular, during the major stages under which our works are subject to clients' review and comments, the time spent to address clients' requirements would vary in different projects. The length of a landscape architecture project would therefore vary on a case-by-case basis.

Depending on client's engagement in the landscape architecture project, we may be responsible for the provision of services in a landscape architecture project throughout all the major stages. As a consultant in the provision of landscape architecture services, we would be responsible for arranging all necessary expertise, providing technical know-how required in various work stages and carrying out the required construction inspection and review such that the works conform to the applicable standards and meet the client's expectations and schedule. We co-ordinate and liaise with our clients, other consultants and the relevant authorities, to advise on the compliance in the design plans, construction plans or other documents delivered upon the requests from clients.

---

## BUSINESS

---

Subject to the specific needs of our clients, we may cooperate with other consultants and engage sub-consultants to provide specialised services in certain areas of the landscape architecture project, such as aquatic system, signage, nightscape, arboriculture, structural, electrical and mechanical engineering designs. For sub-consultants engaged by us, we will oversee the carrying out of work by these sub-consultants in order to ensure that the quality of their works and that their works will be completed in accordance with the terms, conditions, specifications and schedule imposed by our clients.

Upon the entering of the formal engagement contract and the receipt of the first instalment of service fee or in some cases, advanced payments, normally being 10 to 20% of the total service fee depending on the type and complexity of a project. Usually six to seven project team members in different capacity would be assigned to the project to form the working group and such group would be led by a project director, who would be responsible for approving the layout plans and design drawing documents before delivering to our clients. Other working group members would mainly include: the project manager responsible for supervising the work procedure and the quality of work, the designers responsible for preparing the layout plans and other design drawing documents.

### **Concept design**

Upon engagement by our clients, our project team would communicate and conduct meetings with our client and other consultants for more detailed information of the project. These information would include the type of the development, major parameters of the project (such as information on architectural designs, plot ratio and amount of investment on landscape architecture), timeline of the project and survey plan. To prepare for preliminary project drawings and other documents, site visits would also be arranged to gather ideas and information on the conditions of surrounding environment, and develop landscape concepts.

At this stage, in general, we are expected to deliver to our clients mainly the following:

- Conceptual layout plans: addressing various aspects including transportation, public realm, integration of new development into adjacent area, and provision of sustainable environment. Such layout plans will be formed based on a broad set of considerations, such as provision of quality public spaces, review the programme brief and identify gaps, and creative design ideas;
- Other design drawing documents: which would include illustrative plans and drawings showing the landscape and public area elements, space allocation, and the effect of combination of these elements; and design proposal stating the design objectives, design concept, key landscape elements and features, site requirements and constraints, and sustainability.

As advised by our PRC Legal Advisors, the relevant laws and regulations do not require official submission to competent government authorities and therefore design qualification is not required for the stage of concept design.

---

## BUSINESS

---

### **Schematic design**

We are engaged in this stage to produce and submit detailed layout plans and other design drawing documents to our clients further conveying the basic landscape design elements and concepts from the concept design stage. Further analysis into construction costs, architectural, structural, electrical, environmental, geotechnical, and other specific requirements would be conducted to facilitate more detailed design drawing documents.

We will coordinate with our clients and other consultants for various issues that would involve structuring engineering for landscape walls or other structural elements not part of buildings, structure, recirculation systems and lighting, landscape value engineering and cost estimating. Our project team may also arrange further site visit to verify and record detailed measurements, conditions or any changes in site that would affect our preparation of documents.

At this stage, in general, we are expected to deliver to our clients mainly the following:

- Detailed layout plans: covering the criteria and concepts from the planting design, pavement for pedestrian and vehicular areas, proposed programme to be used, exploration of special water features, and overall lighting elements; and
- Other design drawing documents: with design drawings and sketches stating more detailed design objectives, design vocabulary, key landscape elements and features, site requirements and constraints, and sustainability.

Our clients or the competent government authorities may propose amendments to our layout plans and other design drawing documents. Further discussion will be held and we will refine our works for their approval. For relatively sizeable scale development projects in Hong Kong, the layout plans to be endorsed by an authorised person would be required to be submitted to the Lands Department for approval. We may be required to submit the self-certificate of compliance in respect of our works done in this stage. For projects in the PRC, according to applicable local rules or requirement, the layout plans and other design drawing documents may possibly be submitted to the planning bureau (規劃局) or the competent government authorities with authorised endorsement by an enterprise with relevant qualifications for approval as official submission. Before we were granted with the Category B Qualification in 2012, we would cooperate or engage with a sub-consultant to facilitate if such official submission is required. Having granted with the Category B Qualification, we would be recognised for such endorsement and official submission under this category.

### **Design development**

At this stage, our project team would further prepare the layout plans and other design drawing documents to become more comprehensive to facilitate construction purpose. Taking into account the opinions of other consultants, for example, we would communicate with the architects for the approval of the layout plans, we can then refine the project specifications and design standards in our design drawing documents. In particular to situations in which substantial changes have to be made with our design drawing documents, we would communicate with and update our clients regarding the estimated maximum



---

## BUSINESS

---

investment costs for executing the construction layout plans. We will also recommend our clients the use of materials and colours in these plans. Upon request by our clients, we may be required to deliver the design drawing documents in both hardscape and softscape format.

In the PRC, the construction layout plans and other design drawing documents may possibly be required to be submitted to the construction bureau (建設局) or the competent government authorities according to various local rules or requirements for approval. Similar to the procedure in the stage of schematic design, such design drawing documents would have to be endorsed by an enterprise with relevant qualification for such official submission. Before we were granted with the Category B Qualification in 2012, we would cooperate or engage with a sub-consultant to facilitate if any of such official submission is required. Having granted with the Category B Qualification, we would be recognised for such endorsement and official submission under this category. In Hong Kong, we may be required to submit the self-certificate of compliance in respect of our works done in this stage.

### **Construction documentation**

We are engaged in this stage for the preparation of comprehensive construction layout plans and other design drawing documents for construction documentation. The construction layout plans will be formulated and finalised upon further discussion and confirmation with other consultants and sub-consultants based on the comprehensive design drawings documents. Any deviations from the comprehensive design drawings documents will be subject to our clients' consent.

At this stage, we are expected to deliver to our clients mainly the construction layout plans in accordance with the construction specifications of our client and the competent government authorities.

We would be required to deliver to our clients in both hardscape and softscape format:

- For hardscape: addressing the site layout, position, outdoor material layout, grading, runoff water drainage and colours, dimensions, finishes and samples of materials. Such layout plans will contain details on pavement for pedestrian and vehicular areas, water feature, railing/trellis, elevations, details of amenities and specification and reference images of lighting system and curbs/flower beds/site furniture, to enable the construction contractors to determine the nature, quality and quantity of the required labour and materials for price-fixing purpose; and
- For softscape: providing layout of trees, other plants, site irrigation plan and planting species list and sizes.

The construction documentation to be used by the construction contractors will be submitted by us or through our clients or its consultants for approval upon undergoing a final review usually by our project director. In the PRC, the construction documentation would be required to be submitted to the construction bureau (建設局) or the competent government authorities for approval. An endorsement by an enterprise with relevant specification is required for such official submission. Before we were granted with the Category B Qualification in 2012, we would cooperate or engage with a sub-consultant to facilitate any of

---

## BUSINESS

---

such official submission. Having granted with the Category B Qualification, we would be recognised for such endorsement and official submission under this category. In Hong Kong, we may be required to submit the self-certificate of compliance in respect of our works done in this stage.

### **Construction inspection and review**

We are mainly responsible for the inspections and review of the construction works carried by the construction contractors according to the timeline stated in the finalised layout plans. Our scope of works would include assisting client to accomplish on-site construction supervision, dimension review and adjustment when plan lofting and landscape facilities lofting are completed, reviewing and confirming the outdoor open space materials, nursery and plant reviews, providing guidance on major tree plantation, water and electricity test and review, coordination of engineering services, and other supporting services. These activities can assist clients to monitor the work progress and quality and to ensure compliance with relevant specifications and work schedule and all applicable statutory requirements in connection with the landscape architecture project.

Our project director will report the status of the landscape architecture project, including the work progress and status, or any other material issues to our Directors every month. Upon identifying any issues or deviation from the construction plan or the relevant governing laws and regulations, our project team together with our client's consultants will try to formulate a remedy. In some projects in Hong Kong, adjustments would be made to the landscape layout plans and other design drawing documents may be re-submitted for approval.

Our accounts department will also prepare and submit to the management a report on a quarterly basis including the expenses incurred for the project. Regular meetings are also held among us and our client and/or their consultants to review the progress of the project and to identify and resolve any issues which may arise during the course of construction. Our project team may also from time to time submit site progress reports to our clients and/or their consultants.

In the PRC, the duties of inspection at the construction work stage are carried out by an engineering supervision institution (工程監理單位), which is a licensed professional body. Therefore, our role at this stage would be mainly advisory and assisting to the construction works relating to landscape architecture.

## **COMPLETION**

### **Payment**

We receive progress payment from our clients by instalments in accordance to our agreed milestones with reference to our work stages. The work stages are determined by reference to the progress of work completed by us. Our project director would upon completion of certain work stage communicate with our clients regarding the work stages. Upon issuance of invoices, our clients will be given a credit period of two months to make payments. We will consider extending the credit period on a case-by-case basis and we will monitor the outstanding payment from our clients periodically and assess the repayment ability of each client. In some cases, we may also remind and follow-up with our clients for repayment through phone calls or emails. These payments would be usually settled by cheque and telegraphic transfer. Specific provision

---

## BUSINESS

---

for impairment of trade receivables will be made when repayment ability of an outstanding debt is doubtful. It may be written off as bad debt if the client fails to settle the outstanding debt as determined on a case-by-case basis.

In the PRC, our final instalment is usually received upon the completion of construction. On the other hand, our clients in Hong Kong may hold up a portion, usually in the range of 5% to 10% of our service fee to be released upon the completion of the maintenance or defect liability period.

### **Defect liability period**

In the PRC, there is no defect liability period imposed on our project such that no further liability would be incurred by us upon completion of the relevant project. In Hong Kong, our clients may include a defect liability period in our engagement as one of the agreed milestones of the several work stages under the contracts. During which, as a landscape architecture service provider, we would assist our clients to identify the defects of the construction contractors and these defects shall be rectified at clients' costs. The defect liability period refers to the period from the issuance of the final inspection report by us to the issuance of a maintenance certificate or a certificate of completion of making good defect. Under the usual terms of engagement contracts, the length of the defect liability period usually runs for 12 months. During the defect liability period, we may carry out site inspections and other necessary inspections, mainly to ensure the quality of works being the planting works and inspection of the rectified defects by the construction contractors.

During the Track Record Period, we had not experienced any claim by our clients in respect of our landscape architecture services. We had not made any specific provision for the defect liability period as our Directors consider that the services we offered and costs incurred during such period were ordinary to our business with no additional risk associated to these services and our insurance coverage over our general services would be sufficient.

### **CLIENTS**

In respect of our landscape architecture services, our client base ranges from governments, public bodies, private property developers, state-owned property developers, construction companies, town planning companies, architecture companies and engineering companies mainly in the PRC and Hong Kong. During the Track Record Period, we have had 623 clients in respect of our landscape architecture business. Most of our clients have had over one to five years of business relationships with us and over 60% of our projects in terms of number of projects are referred by our past and existing clients during the Track Record Period and up to the Latest Practicable Date.

For each of the three years ended 31 December 2011, 2012 and 2013, the aggregate revenue attributable to our five largest clients amounted to approximately HK\$33.1 million, HK\$26.6 million and HK\$40.0 million, respectively, representing approximately 18.5%, 15.5% and 18.4% of our total revenue, respectively. For the same period, the aggregate revenue attributable to our largest client amounted to approximately HK\$16.0 million, HK\$15.3 million and HK\$23.1 million, respectively, representing approximately 8.9%, 8.8% and 10.7% of our total revenue, respectively. We have not entered into any long-term contracts or agreements with any of these clients. Our Directors confirmed that our Group had no material dispute with or recovery of claims from its clients up to the Latest Practicable Date.

---

## BUSINESS

---

None of our Directors, their associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our five largest clients during the Track Record Period. We are not aware during the Track Record Period that our Group had experienced any major disruption of business due to material delay or default of payment by our clients due to their financial difficulties. Our Directors further confirmed that they are not aware any of our major clients have experienced material financial difficulties that may materially affect our Group's business.

### SUPPLIERS

Our suppliers in the provision of landscape architecture services mainly include sub-consultants, travel agents and printing service providers. The following table sets out our major types of suppliers, credit terms granted by such suppliers and payment methods:

Major type of suppliers	Types of services provided	Credit term	Payment method
Sub-consultants	<ul style="list-style-type: none"><li>• architecture</li><li>• signage designs</li><li>• aquatic system designs</li><li>• landscape architecture service in relation to official submission of layout plans and other design drawing documents</li></ul>	One month	By cheque or bank transfer
Travel agents	<ul style="list-style-type: none"><li>• transportation arrangement in relation to our provision of landscape architecture services in a project, such as site visits and inspections, client meetings, business development and project management</li></ul>	One month	By cheque or bank transfer
Printing service providers	<ul style="list-style-type: none"><li>• blueprinting service in relation to layout plans and other design drawing documents</li></ul>	One month	By bank transfer

We maintained stable business relationship with those suppliers. Our Directors confirmed that we do not enter into standard contracts with our suppliers in general and the terms in our supply agreements vary from one project to another. The service fee and payment schedule for our suppliers are determined by our supply agreements entered into with our sub-consultants. After we confirm to engage our suppliers, they usually grant us a credit period for one month. In most situations, we settle the invoice by cheque or bank transfer.

---

## BUSINESS

---

During the Track Record Period, none of our five largest suppliers engaged by us in our project was our major clients, nor vice versa. The supplier was engaged by us to complete certain stages of work relating to our landscape architecture services in our project during the Track Record Period. In general, various consultants would be engaged to complete a development project or particular parts of a landscape architecture project. We may be engaged as a consultant by the developer under certain stage of work and we may engage sub-consultants to provide professional services.

For each of the three years ended 31 December 2011, 2012 and 2013, the aggregate costs of services attributable to our five largest suppliers amounted to approximately HK\$6.2 million, HK\$4.9 million and HK\$7.7 million, respectively, representing approximately 7.6%, 5.6% and 7.9% of our total costs of services, respectively. For the same period, the aggregate costs of services attributable to our largest supplier amounted to approximately HK\$1.6 million, HK\$1.7 million and HK\$2.4 million, respectively, representing approximately 2.0%, 1.9% and 2.5% of our total costs of services, respectively. We have not entered into any long-term contracts or agreements with any of these suppliers. Our Directors confirmed that our Group had no material dispute with or recovery of claims from its suppliers during the Track Record Period.

None of our Directors, their associates or any Shareholder (who or which, to the best knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our five largest suppliers during the Track Record Period.

### RELATIONSHIP WITH SUB-CONSULTANTS

Depending on clients' engagement and request, we would engage sub-consultants having relevant professional qualifications for the provision of services in a landscape architecture project. Areas that these qualifications would cover include architecture, signage designs, aquatic system designs, landscape architecture services. When a project is awarded to us, the project director will review and reconfirm the resources to be placed and the specifications of the project, including the engagement of sub-consultants, if any. We select our sub-consultants with reference to a number of factors, including (i) experience of sub-consultants such as their job reference and projects involved; (ii) performance in previous engagements with our Group as advised by our management; (iii) relevant qualifications possessed by the sub-consultants; and (iv) recommendations by clients. While we consider the choice of sub-consultants on a project-by-project basis subject to approval and communication with the clients, we have been in cooperation with some of the sub-consultants for over five years. Our Directors confirmed that it is our policy to diversify our base of sub-consultants which offer competitive prices and on the other hand maintain stable business relationship with the sub-consultants with higher quality of services.

In general, we are liable to our clients for our work no matter whether such work are done by our staff or by our sub-consultants. Since our sub-consultants are engaged to provide consultancy services to us in the projects, we will monitor and review their work from time to time and their work would be subject to our prior evaluation and approval.

According to the agreements we entered with our sub-consultants, we have legal rights to hold our sub-consultants liable for any loss and damages suffered by our Group if their work are not in accordance with the requirements set out in the agreements.

---

## BUSINESS

---

### QUALITY CONTROL

We obtained ISO 9001:2008 from Hong Kong Quality Assurance Agency in Hong Kong and from Sira Certification Service in the PRC in 1996 and 2014, respectively. As required by Hong Kong Quality Assurance Agency and Sira Certification Service, we will be required to fulfil several requirements before submitting application for approval. For example, the principal business of our Group companies would be required to possess certification with same standard as adopted by these respective institutions. Upon granting the certification, we will be required to adopt their standards in our work procedure subject to review by these institutions from time to time.

Our Directors believe that quality control in our works is essential for our landscape architecture business. We have implemented a formal quality management system in accordance with the standards of ISO 9001:2008 in the PRC and Hong Kong to develop a sustainable performance-oriented culture with an emphasis on pursuing continuous improvement rather than adopting a short-term and project based approach.

Our quality control team comprises our Directors, project directors and project managers. Our project managers are responsible for the daily monitoring of work quality and work progress, ensuring that the works are completed according to schedule and ensuring effective communications with our clients, the construction contractors and other consultants engaged by our clients. Our project directors, along with our Directors exercise an overall supervision over the projects. An independent team will perform a final review on the landscape layout and construction plans to be issued by us. Each project is closely monitored by the project directors and regular meetings are held to discuss any potential or identified issues to ensure the efficient execution of our projects (i) to meet our clients' requirements; (ii) are completed within the work schedule and the budget allocated for the project; and (iii) to comply with all relevant laws and regulations applicable to the works. In the event sub-consultants are engaged by us to carry out certain work in our project, the sub-consultants will also report directly to us. We will monitor their work progress and inspect all works completed by such sub-consultants to ensure their quality.

### OCCUPATIONAL SAFETY

We believe health and safety of our staff are very important. We are not engaged for the provision of any on-site implementation services in connection with construction or engineering, so that we are not directly involved in any labour intensive construction works. Our principal exposure to work safety occurs during our site visits and on-site inspections attended by our employees in order to review the construction work progress at the site. Our insurance policies will usually cover any accidents occur to our employees when they are conducting site visits and inspections. Our administration and human resources team is responsible for dealing with employees' occupational health and safety. We have implemented safety plans and internal manuals to promote occupational health and safety at workplace and construction sites and to ensure compliance with the applicable laws and regulations in the PRC and Hong Kong. Our internal manuals are generally documented in writing and supplemented with instructions. Our staff are required to follow the manuals strictly. We will continue to put adequate resources and efforts to maintain and improve our safety management in order to reduce any associated risks.

In particular, we have adopted and implemented during the Track Record Period a work safety guideline setting out measures to prevent common accidents which could happen during on-site inspection at construction sites.

---

## BUSINESS

---

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, no occupational accidents have occurred.

### MARKETING

We adopt direct marketing strategies. We principally source clients by recurring of existing clients and referrals by other third parties. In some cases, we obtain business opportunities by invited tendering. To promote our business image, we also employed marketing firms for advertising through different media channels and campaigns. Our Directors believe that maintaining and developing our Group's reputation in the landscape architecture industry would be essential in our marketing strategies. We are of the view that through high variety and quality of services by our professional staff would contribute to the maintaining and expanding our client base. In addition, we keep contacts with our existing clients and keep our clients informed of the recent developments of our Group including the concepts and designs in the completed projects.

### ENVIRONMENTAL MATTERS

In Hong Kong, the Hong Kong Government maintains a Register of Old and Valuable Trees to ensure that the trees of, inter alia, large size, precious or rare species, particularly old age or of cultural, historical or memorable significance shall be well preserved and maintained. As such, we will observe the government policy to provide priority protection to old and valuable trees when we provide landscape architecture services in Hong Kong.

Save as disclosed above, we are not subject to any significant environmental regulations and we do not currently have any environmental liabilities and do not expect to incur any environmental liabilities that could have any material impact on our financial condition or business operations in the future.

### MAJOR QUALIFICATIONS AND AWARDS

In order to undertake the endorsement of design and construction documents in any landscape architecture project in the PRC throughout the stages of schematic design, design development and construction documentation, all landscape architecture companies are required to hold an Engineering Design Qualification Certificate (工程設計資質證書) issued by MOHURD. A certificate of Category B Qualification has been issued to Earthasia (Shanghai) by the Shanghai Urban Construction and Communication Commission in 2012. In Hong Kong, we are required to be registered with the AACSB as a listed consultant under the landscape architectural category to undertake landscape architecture projects for the Hong Kong Government.

---

## BUSINESS

---

The following table sets out our major qualifications and licences we have obtained as at the Latest Practicable Date:

Relevant authority/ organisation	Relevant list/Category	Qualifications/ Licence <sup>(Note 1)</sup>	Holder	Validity period	Authorised scope
AACSB	Registered landscape architectural consultants	List of consultants of AACSB	Earthasia (Hong Kong)	N/A <sup>(Note 2)</sup>	Any Hong Kong Government's project of the landscape architectural category without any limit on the estimated project value
Shanghai Urban Construction and Communication Commission	Category B Qualification	Specific Landscape Engineering Design Qualification	Earthasia (Shanghai)	21 March 2012 to 20 March 2017	Any landscape engineering design/landscape architecture project with investment value not exceeding RMB20,000,000

*Notes:*

1. Please refer to the section headed "Regulatory overview" in this prospectus for further details of the qualification or licence.
2. The registered landscape architecture consultants are subject to three selective reviews annually by the AACSB.

We maintain compliance with the respective licences, registrations and relevant regulatory requirements in respect of the entry criteria for the qualifications and licences in the landscape architecture service industry in the PRC and Hong Kong. The expected time to complete the renewal process, as set out by the relevant authority, is 60 days before expiry of the Category B Qualification and based on our previous experience, we estimated the renewal process would take approximately two months to complete. Our Group intends to renew the existing licence accordingly before its expiry date. Our PRC Legal Advisors advised us that there is no legal impediment to renew such licence as long as (i) we comply with the relevant laws, regulations, rules and technical standard; (ii) we have no bad credit records; and (iii) our qualified employees conform with the relevant qualification standard relating to the licence. We have not experienced any refusal of the licence necessary for our daily operations or any non-compliance with relevant laws and regulations of the PRC and Hong Kong which caused material disruption to our operations during the Track Record Period and up to the Latest Practicable Date.



---

## BUSINESS

---

The following table sets out our major awards and accreditations received during the Track Record Period as a landscape architecture service provider:

<b>Year awarded/ Validity period</b>	<b>Award/Certificate</b>	<b>Award authority/Accrediting body</b>
4 October 1996 to 3 October 2014	Certificate for compliance with the requirements of ISO 9001:2008 quality management system standard applicable to provision of design and advisory services in landscape architecture for Hong Kong projects.	Hong Kong Quality Assurance Agency
10 January 2014 to 31 December 2014	Certification for quality management system to comply with ISO 9001:2008 for the design and advisory services of landscape architecture	Sira Certification Service

---

## BUSINESS

---

The table below sets out a summary of the qualifications and licences possessed by our 54 employees<sup>(Note)</sup>, including our Directors, as at the Latest Practicable Date:

Licence/qualification	Applicable jurisdiction	Number of qualifications
<i>Landscape Architecture</i>		
Registered Planner (Intermediate level)	The PRC	4
Landscape Engineer (Intermediate level)	The PRC	26
Landscape Engineer (Senior level)	The PRC	3
Registered Landscape Architect	HK	5
Associate member of HKILA	HK	5
Certified arborist of International Society of Arboriculture	HK	5
Professional member in the grade of Associate of the Landscape Institute in the Landscape Architecture Division	UK	2
Member of the Canadian Society of Landscape Architects	Canada	1
Member of the Ontario Association of Landscape Architects	Canada	1
Registered Landscape Architect (RLA)/ Urban Designer of the Australia Institute of Landscape Architects	Australia	1
Member of the American Society of Landscape Architects	US	1
<i>Engineering and others</i>		
Registered Structural Engineer (Grade 1)	The PRC	1
Registered Structural Engineer (Grade 2)	The PRC	2
Registered Architectural Engineer (Grade 1)	The PRC	1
Registered Architectural Engineer (Grade 2)	The PRC	1
Registered Electrical Engineer (Power supply and distribution)	The PRC	2
Registered Utility Engineer (Water Supply and Drainage)	The PRC	1
Registered Utility Engineer (Heating, ventilation and air-conditioning)	The PRC	1
Cost and Architectural Engineer (Intermediate level)	The PRC	1
Registered Urban Planner	The PRC	3
<b>Total</b>		<b>67</b>

*Note:* Six of these employees have more than one qualification.

Our Directors confirmed that as at the Latest Practicable Date, we had obtained and held all approvals, licences and qualifications necessary to conduct our business operations and had complied with all applicable laws, rules and regulations in the PRC, Hong Kong and the Philippines in all material aspects.

---


## BUSINESS

---

### INFORMATION TECHNOLOGY

In the provision of landscape architecture services, we may apply drawing softwares other than hand drawings by our project team. We currently rely on drawing softwares which our Directors believe are in line with the industry norm. Our Directors also consider that these softwares would be sufficient to our business operations and we currently have no intent to conduct research and development with our internal resources.

### INTELLECTUAL PROPERTY

We operate our business in the PRC and Hong Kong with our trademark “” registered in the PRC and Hong Kong. Detailed information of our intellectual property rights is set out in the section headed “Intellectual property rights of our Group” in Appendix IV to this prospectus.

As at the Latest Practicable Date, we had not received any claims against our Group for infringement of any trademarks nor was our Group aware of any pending or threatened claims in relation to such actual or potential infringement.

As at the Latest Practicable Date, we were not aware of any material infringement (i) by our Group of any intellectual property rights owned by any third parties, or (ii) by any third party of any intellectual property rights owned by us that would constitute material adverse impact to our operations.

### EMPLOYEES

As at 31 December 2011, 2012 and 2013, we had 399, 451 and 460 employees. As at the Latest Practicable Date, we had 483 employees who were employed by our Group in the PRC, Hong Kong and the Philippines. A breakdown of our employees by function as at the same date is set forth below:

Function	Number of employees			Total
	The PRC	Hong Kong	The Philippines	
Management	3	1	–	4
Project management (including project directors, project managers and designer directors)	315	36	75	426
Administration and human resources	9	4	3	16
Sales and Marketing	16	–	–	16
Finance and accounting	12	3	2	17
Information technology	2	1	1	4
<b>Total</b>	<b>357</b>	<b>45</b>	<b>81</b>	<b>483</b>

---

## BUSINESS

---

We consider that the capability and loyalty of our employees is of importance to our business development. To better utilise their capability and promote loyalty of our employees, we offered incentives to our employees in addition to the basic salary to stimulate their performance. A specialised training programme is provided to all of our new recruits to promote integration and ensure quality standard. A three-month or six-month probation period may be imposed on our new recruits. At the end of their probation period, they will be confirmed as full-time employees if their respective supervisors are satisfied with their performance during the probation period. We also provide our employees with systematic on-job training to achieve education and promotion prospects. Staff meetings and seminars are organised on a monthly basis to enhance our staff's knowledge of their jobs and the latest trends and technics practised in the landscape architecture service industry.

To better facilitate the service standard and quality, we also require our employees to keep daily timesheet in which we can monitor their work progress. Our management would then review it from time to time to ensure the efficiency of the performance by our employees.

### INSURANCE

We maintained standard insurance policies for our employees' compensations and medical expenses. We also maintained professional liability insurance to cover the liabilities arising from our business on a voluntary basis. Our insurance policies are entered into in accordance with commercially reasonable standards. Our Directors are of the view that our insurance coverage is sufficient for our present purposes and is consistent with the industry norm in the landscape architecture service industry in the PRC and Hong Kong. We would review our insurance policies periodically and we would adjust our insurance coverage if necessary.

### MARKET COMPETITION

The landscape architecture industry is segmented and fragmented. We compete with other landscape architecture service providers having the headquarters in the PRC, Hong Kong and other places. According to the Ipsos Report, while there were over 5,000 landscape architecture companies without Specific Landscape Engineering Design Qualification, there were approximately 222 landscape architecture companies with Category A Qualification and 1,403 landscape architecture companies with Category B Qualification for the year ended 31 December 2013. In view of the development of the landscape architecture industry, it is expected that sizeable projects would require high quality landscape architecture services which may be a driving factor for landscape architecture companies with Specific Landscape Engineering Design Qualification.

Landscape architecture is also a specialised service industry in Hong Kong. Certain landscape architecture services shall be provided by professionals, such as Registered Landscape Architect and certified arborists. Apart from qualifications, business relationship with property developers in Hong Kong and reputation in the market would further pose entry barriers for new entrants to this industry. With the established business operation in Hong Kong, our Directors may benefit from the professional qualifications, business relationship and market reputation when competing with the new entrants and existing landscape architecture service providers. For the year ended 31 December 2013, we recorded revenue of approximately HK\$198.2 million generated from the PRC projects, accounting for 0.6% of the total revenue under the PRC

---

## BUSINESS

---

market in the landscape architecture service industry. The total revenue generated from the PRC projects of the key market players amounted to approximately 4.2% of the total revenue in the PRC landscape architecture industry for the year ended 31 December 2013.

We intend to maintain our competitiveness over other competitors and our position as one of the active market players in the PRC and Hong Kong through strengthening and developing our competitive strengths. Our competitive strengths include the following:

- professional project team with international qualifications and experience;
- strong brand recognition;
- experienced management team;
- effective and comprehensive staff management;
- adaptability to the market;
- strong and solid clientele in the PRC and Hong Kong;
- possession of qualifications, capabilities to undertake government landscape architecture projects; and
- stringent internal quality control procedures.
- sufficient internal resources in fulfilling clients' request

In view of the increasing urbanisation projects in the PRC, the increasing land supply from the Hong Kong Government, and the promulgation and growing importance of greening policies in the PRC and Hong Kong, which will drive the demand for landscape architecture services according to the Ipsos Report, our Directors are confident of the future development of the landscape architecture service industry in the coming 10 years and believe our long established reputation as landscape architecture service provider in the industry and the quality service we offer will enable us to capture the business opportunities presented, withstand the intense competition and maintain a steady growth of our business in the coming future. For details, please refer to the section headed "Industry overview" in this prospectus.

Details of our Group's competitive strengths are set out in the section headed "Business – Competitive strengths" in this prospectus.

---

## BUSINESS

---

### PROPERTIES

#### The PRC

As at the Latest Practicable Date, we leased 23 properties with an aggregate GFA of approximately 4,853.2 sq.m., which we mainly use as office premises and dormitories for our staff:

- For 20 properties, among which 14 are for our office use and the remaining six properties are for dormitory use, with an aggregate GFA of approximately 2,572.4 sq.m., the landlords have obtained the relevant building ownership certificates or the consent letter from owners to authorise the lessors to lease or sublease the specific properties.
- For three properties, among which three are for our office use, with an aggregate GFA of approximately 2,280.8 sq.m., the landlords have not provided us with the relevant building ownership certificates, but have provided their written confirmation letters acknowledging their right to lease the properties and undertaking to indemnify us for losses arising from the defective titles of such leased buildings and units.

According to our PRC Legal Advisors, based on the relevant documents and certificates available, the likelihood of our use and occupation of abovementioned three properties being challenged by third parties is low.

The table below sets forth details on the three leased properties lacking building ownership certificates confirming valid ownership by the relevant property owners:

<b>Properties</b>	<b>GFA</b>	<b>Utilisation and status</b>
Two properties	2,078.5 sq.m.	We primarily used these properties as office. We are of the view that should the legal ownership of the relevant properties by the landlord be challenged by other third parties we would be able to relocate quickly and with minimal expense. The maximum potential cost for relocation, which may be incurred to us, will be no more than HK\$0.3 million and our Directors are of the view that such relocation shall have no material impact on our business. According to our PRC Legal Advisors, the likelihood of our use and occupation of these properties being challenged by third parties is low.
One property	202.3 sq.m.	We primarily used this property as office.  With respect to this property, we have the right to seek compensation from the landlord pursuant to the relevant written confirmation letter in the event of loss suffered by us due to the lack of building ownership certificate.

---

## BUSINESS

---

Among the above leased properties, we have registered the lease agreements with the relevant PRC authorities for 12 properties among which 12 are for our office use, with an aggregate GFA of approximately 1,500.8 sq.m. We have not registered the lease agreements for the remaining properties.

As advised by our PRC Legal Advisors, according to the relevant judicial interpretations, the non-registration of the lease agreements will not affect the validity of such lease agreements but we may be exposed to penalties or fines by the relevant PRC authorities.

According to the Administration Rules on Tenancy of Commodity Housing (商品房屋租賃管理辦法), the parties to the lease agreements may be ordered by the competent authority to make corrections for any non-registration of lease agreements, and a fine of less than RMB1,000 (for individuals) or more than RMB1,000 and less than RMB10,000 (for institutions) for delay in making such correction may be imposed. However, it is not clear which party, the lessor or the lessee will be penalised. In the past three years, we have not been subject to penalties by the relevant housing administrative authorities for non-registration of lease agreements. Our Directors believe that if the defective legal titles to such properties or the non-registration of the lease agreements prevents us from continuing the lease of any properties so the relevant offices and dormitories need to move, the offices and dormitories can relocate to other comparable and duly leased alternative premises in the relevant regions without any material adverse effect on our business and financial condition.

### **The Philippines**

As at the Latest Practicable Date, we leased two properties located in the Philippines with an aggregate GFA of approximately 773 sq.m., which we use as our office premise and dormitories for our staff, respectively.

### **Hong Kong**

As at the Latest Practicable Date, we leased one property located in Hong Kong with a GFA of approximately 4,355 sq. ft., which we use as our office premise.

Accordingly, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this prospectus any valuation reports. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

## **LEGAL PROCEEDINGS AND COMPLIANCE**

### **Particulars of claims settled, pending or threatened involved our Group**

During the Track Record Period and as at the Latest Practicable Date, our Group had been or is involved in a number of claims, litigations and pending or threatened claims.

---

## BUSINESS

---

The following claims are related to (i) wage claim; (ii) trademark infringement claim; (iii) unfair competition claim; (iv) false propaganda claim and (v) employment claim arising out of our Group's ordinary and usual course of business and are not related to any disputes with the clients of our Group. The claims and litigations were initiated at the PRC courts. Set out below are the details of the pending or threatened claims and litigations involved our Group as at the Latest Practicable Date and the material claims and litigations involved our Group that have been settled (whether by way of court judgment or settlement) during the Track Record Period and up to the Latest Practicable Date:

(a) ***Pending or threatened claim and litigations involved our Group as at the Latest Practicable Date***

As at the Latest Practicable Date, no pending or threatened litigation, arbitration, administrative proceeding or claim is known to our Directors which involve us, that would have a material adverse effect on our operation or financial condition.



## BUSINESS

**(b) Settled claims and litigations that involved our Group (whether by way of court judgment or settlement) during the Track Record Period and up to the Latest Practicable Date**

Nature of incident	Date of incident	Name(s) of Plaintiff(s)/ Applicant(s)/ Claimant(s)	Name(s) of the Defendant(s)/ Respondent(s)	Underlying causes	Amount settled/ Remedy taken	Insurance coverage	Status
Wage claim	2 June 2010	Earthasia (Shanghai)	Leslie Matthew Wood	Outstanding sum of RMB223,741.97 owed by the Defendant as evidence by a supplemental employment agreement.	The payment of RMB100,000 by the Defendant.	Not applicable	Earthasia (Shanghai) has settled the claim with the Defendant on 31 January 2011.
Trademark infringement claim	23 May 2012	Earthasia (Shanghai)	Sichuan Fanya Landscape Design Consultancy Company Limited (四川省泛亞景觀設計諮詢有限公司)	Unauthorised use of our Group's registered trademark.	The Defendant undertook to refrain from using our Group's trademark.	Not applicable	Earthasia (Shanghai) has settled the claim with the Defendant on 25 July 2012.
Unfair competition claim	23 May 2012	Earthasia (Shanghai)	Sichuan Fanya Landscape Design Consultancy Company Limited (四川省泛亞景觀設計諮詢有限公司)	Unauthorised use of our Group's registered trademark.	The Defendant undertook to refrain from using our Group's trademark.	Not applicable	Earthasia (Shanghai) has settled the claim with the Defendant on 25 July 2012.
Employment claim	29 August 2011	Peng Hong (彭宏)	Earthasia (Shanghai)	Unlawful termination of the Applicant's employment contract.	Not applicable	Not applicable	The court has ruled in favour of Earthasia (Shanghai).
Employment claim	19 April 2011	Peng Hong (彭宏)	Earthasia (Shanghai)	Outstanding statutory economic compensation for the termination of the Applicant's employment.	The payment of RMB12,916.01 by Earthasia (Shanghai) to the Applicant.	Not applicable	The court has decided that Earthasia (Shanghai) was required to pay a statutory severance payment upon termination of the employment contract without one-month's notice and ruled in favour of the Applicant.
False propaganda claim	16 February 2011	Place Design Consultancy Company Limited (普利斯設計諮詢(上海)有限公司)	Earthasia (Shanghai) Company Limited	Misrepresentation by Earthasia (Shanghai).	The publishing of a clarification statement by Earthasia (Shanghai).	Not applicable	The court has decided that the article published in the magazine contained misleading information that might potentially misrepresented Earthasia (Shanghai)'s association with the projects in question and ruled in favour of the Plaintiff.

Our Directors are of the view that these claims and litigations would not have any material adverse impact on our Group.

Save as disclosed above, no member of our Group was involved in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance that is known to our Directors would involve any member of our Group.

## BUSINESS

### Non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date

The table below sets out the summaries of certain matters of our non-compliance with applicable laws and regulations during the Track Record Period and as at the Latest Practicable Date. Our Directors are of the view that these non-compliance matters, whether individually or collectively, will not have a material operational or financial impact on us, and we will disclose the progress of rectification in our interim and annual reports.

#### *Non-compliance with the Interim Measure for Participation in the Social Insurance System by Foreigners Working in China (在中國境內就業的外國人參加社會保險暫行辦法)*

Details of the non-compliance incidents	Reason(s) of the non-compliance	Legal consequence including potential maximum penalties and other financial liabilities	Remedial/rectification action taken/to be taken
<p>Non-compliance with the Interim Measure for Participation in the Social Insurance System by Foreigners Working in China (在中國境內就業的外國人參加社會保險暫行辦法) which came into effective on 15 October 2011 (the “Interim Measure”):</p> <p>Earthasia (Shanghai) failed to open accounts and make payment of social insurance contributions for 40 foreign employees. The aggregate outstanding amounts incurred and accrued during the Track Record Period and as at 28 February 2014 was approximately RMB2.6 million.</p>	<p>We have not made payment for social insurance contributions for the foreign employees due to inconsistent implementation or interpretation by local authorities in the PRC and different levels of acceptance of the Interim Measures towards foreign employees.</p>	<p>Under the relevant PRC laws and regulations, the employer will be ordered to open account for its foreign employees within a prescribed period, and make payment of social insurance contributions accordingly from the due dates within a prescribed period with a late payment fee at a daily rate of 0.05% of the outstanding amount. If the employer fails to do so, a fine of one to three times of the total outstanding amount may be imposed. We may be required to make the outstanding amounts within the given period and an additional late payment fee at a daily rate of 0.05% of the outstanding amounts from the due date incurred and accrued. As at 28 February 2014, the maximum amount was approximately RMB687,000. As at the Latest Practicable Date, we have not received such requirement from the relevant government authority.</p>	<p>In February 2014, we have opened accounts and made contribution for our 18 existing foreign employees that were under employment with us.</p>

---

## BUSINESS

---

As advised by our PRC Legal Advisors, the possibility of us being required for making up for the outstanding amount or subject to late payment fees is low when taking the following factors into consideration: (i) being the issuing authority of working proof documents, the social insurance authority has been fully informed of the number and employment status of the foreign employees employed by us, (ii) the social insurance authority has never required us to open accounts or make social insurance contributions for our foreign employees, (iii) we have not received any notice requiring us to make up for the outstanding amount or imposing late payment fees on us, (iv) we have opened social insurance account and commenced the payment of social insurance for all foreign employees currently employed by us in February 2014, (v) upon opening the social insurance account, we proposed the making up for the unsubscribed amount for January 2014, however our proposal was not accepted by the social insurance authority, and (vi) according to the record in the Shanghai Social Insurance Administration Center, as at 28 February 2014, our outstanding amount in the payment of social insurance contributions is nil.

### *Non-compliance with the Companies Ordinance*

We have inadvertently breached certain sections of the Companies Ordinance. The tables below summarise the non-compliance with the requirements of the Companies Ordinance by our Group as at the Latest Practicable Date:

#### *Non-compliance by Earthasia (International):*

<b>Details of the non-compliance incidents</b>	<b>Reason(s) for the non-compliance</b>	<b>Legal consequence</b>	<b>Remedial/rectification action taken/to be taken</b>
Non-compliance with section 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance): Earthasia (International) failed to lay before its annual general meeting a profit and loss account made up to a date being not more than nine months before the date of the annual general meeting under section 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance). The profit and loss account of Earthasia (International) for the financial year ended 31 December 2006 was adopted in the annual general meeting held on 8 August 2008.	The directors of Earthasia (International) were not familiar with the statutory requirement and had overlooked the nine months' requirement for private companies under section 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance).	The prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.	An application has been made to the Court of First Instance of the High Court of Hong Kong on 17 February 2014 for an order to extend the time for laying the said profit and loss account beyond the prescribed period but the High Court dismissed such application on the ground that prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.

---

## BUSINESS

---

Details of the non-compliance incidents	Reason(s) for the non-compliance	Legal consequence	Remedial/rectification action taken/to be taken
<p>Non-compliance with section 158(4) of the Predecessor Companies Ordinance (corresponding to sections 645 and 652 of the Companies Ordinance): Late filing of notice of appointment of first secretary and director in 2004 and late filing in relation to the change of director in 2004.</p>	<p>The failure to make timely filing was unintended and due to inadvertent oversights of compliance with the time limit requirements under section 158(4) of the Predecessor Companies Ordinance (corresponding to sections 645 and 652 of the Companies Ordinance).</p>	<p>The prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.</p>	<p>Subsequent filings were made on 8 October 2004.</p>

*Non-compliance by Earthasia (Hong Kong):*

Details of the non-compliance incidents	Reason(s) for the non-compliance	Legal consequence	Remedial/rectification action taken/to be taken
<p>Non-compliance with section 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance): Earthasia (Hong Kong) failed to lay before its annual general meeting a profit and loss account made up to a date being not more than nine months before the date of the annual general meeting under section 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance). The profit and loss account of Earthasia (Hong Kong) for the financial year ended 31 December 2006 was adopted in the annual general meeting held on 8 August 2008.</p>	<p>The directors of Earthasia (Hong Kong) were not familiar with the statutory requirement and had overlooked the nine months' requirement for private companies under section 122 of the Predecessor Companies Ordinance (corresponding to sections 429, 431 and 610 of the Companies Ordinance).</p>	<p>The prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.</p>	<p>An application has been made to the Court of First Instance of the High Court of Hong Kong on 17 February 2014 for an order to extend the time for laying the said profit and loss account beyond the prescribed period but the High Court dismissed such application on the ground that prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.</p>

---

## BUSINESS

---

Details of the non-compliance incidents	Reason(s) for the non-compliance	Legal consequence	Remedial/rectification action taken/to be taken
<p>Non-compliance with section 158(4) of the Predecessor Companies Ordinance (corresponding to sections 645 and 652 of the Companies Ordinance): Late filings in relation to appointment or resignation of directors and company secretary and change of address of the directors and company secretary during the period from 1982 to 2003.</p>	<p>The failure to make timely filings was unintended and due to inadvertent oversights of compliance with the time limit requirements under section 158(4) of the Predecessor Companies Ordinance (corresponding to sections 645 and 652 of the Companies Ordinance).</p>	<p>The prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.</p>	<p>Subsequent filings were made throughout the period from 1982 to 2003.</p>
<p>Non-compliance with section 92(3) of the Predecessor Companies Ordinance (corresponding to section 658 of the Companies Ordinance): Late filings in relation to change of address of registered office in 1983, 1990 and 1994.</p>	<p>The failure to make timely filing was unintended and due to inadvertent oversights of compliance with the time limit requirements under section 92(3) of the Predecessor Companies Ordinance (corresponding to section 658 of the Companies Ordinance).</p>	<p>The prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.</p>	<p>Subsequent filings were made on 7 May 1984, 27 March 1990 and 10 March 1995 respectively.</p>
<p>Non-compliance with section 119 of the Predecessor Companies Ordinance (corresponding to sections 481, 482, 618 and 621 of the Companies Ordinance): Earthasia (Hong Kong) failed to enter some of the minutes of its board meetings and/or general meetings from 1981 to 2001 in its minute book.</p>	<p>The failure to enter the minutes in the minute book was unintended and due to inadvertent oversights of compliance with such requirements under section 119 of the Predecessor Companies Ordinance (corresponding to sections 481, 482, 618 and 621 of the Companies Ordinance).</p>	<p>The prosecution of such non-compliance is time-barred as the relevant offence was committed more than three years ago.</p>	<p>The relevant minutes of board meetings and/or general meetings cannot be found and thus rectification cannot be and has not been carried out.</p>

In relation to all of the above non-compliances of Earthasia (International) and Earthasia (Hong Kong) under the Predecessor Companies Ordinance, as advised by our Hong Kong Legal Counsel, the prosecution of such non-compliances have been time barred under section 351A of the Predecessor Companies Ordinance (corresponding to section 900 of the Companies Ordinance) since the relevant offences were committed more than 3 years ago.

On the basis of the aforesaid advice of our Hong Kong Legal Counsel, our Directors believe that the likelihood of Earthasia (International) and Earthasia (Hong Kong) being penalised is remote. As a result, our Group has not made provision in respect of the potential fine for the above disclosed non-compliance incidents. To further mitigate the risk of being penalised for the above disclosed non-compliance incidents, the Controlling Shareholders have undertaken to indemnify our Group for any loss arising from such non-compliance incidents pursuant to the Deed of Indemnity. Please refer to the section headed “Other Information – Tax and other indemnities” in Appendix IV to this prospectus.

---

## BUSINESS

---

### *Non-compliance with the laws of the Philippines*

We have inadvertently failed to comply with certain corporate requirements in the Philippines. The table below summarises the non-compliance with the relevant requirements by Earthasia (Manila) as at the Latest Practicable Date:

Details of the non-compliance incidents	Reason(s) for the non-compliance	Legal consequence including potential maximum penalties and other financial liabilities	Remedies/rectification action taken/to be taken
<p>Non-compliance with section 23 of the Philippine Corporation Code: The majority of the directors of Earthasia (Manila) were not residents of the Philippines in 2013 and 2014 but before the Latest Practicable Date.</p>	<p>The non-compliance incidents arose mainly because of a lack of professional advice from the past auditor of Earthasia (Manila). Moreover, the directors of Earthasia (Manila) were not familiar with, and were not made aware of, the specific requirement of the Philippine Corporation Code at the material time.</p>	<p>For each non-compliance, a fine in the range of PHP1,000.00 – PHP10,000.00 or imprisonment for not less than 30 days but not more than five years, or both, at the discretion of the courts of the Philippines. SEC also has the power to revoke the registration of Earthasia (Manila) for such non-compliance.</p>	<p>Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles who are residents of the Philippines were appointed as the directors of Earthasia (Manila) in February 2014.</p>
<p>Non-compliance with section 25 of the Philippine Corporation Code: The corporate secretary of Earthasia (Manila) was not a resident and citizen of the Philippines in 2012, 2013 and 2014 but before the Latest Practicable Date.</p>		<p>Our Philippines Legal Advisors advised that, considering that the non-compliance is the first violation of Earthasia (Manila) and that upon knowledge of such violation, it immediately rectified and corrected the same, it is unlikely that the SEC will file a criminal complaint against the officers of Earthasia (Manila) for such non-compliance. Moreover, our Philippines Legal Advisors are of the opinion that the possibility that the SEC will revoke the registration of Earthasia (Manila) for such non-compliance is remote in light of the fact that revocation is usually the last resort taken by the SEC and only after a finding that a corporation is incorrigible and fails to correct or repeatedly violates the laws, rules and regulations of the SEC or that such corporation has made material misrepresentation to the SEC in its incorporation documents.</p>	<p>Ms. Gloria Mercado Chua who is a resident and citizen of the Philippines was appointed as the corporate secretary of Earthasia (Manila) in February 2014.</p>
<p>Non-compliance with the opinion issued by the Securities and Exchange Commission of the Philippines (the “SEC”) dated 23 May 1991: The treasurer of Earthasia (Manila) was not a resident of the Philippines in 2012, 2013 and 2014 but before the Latest Practicable Date.</p>			<p>Ms. Gloria Mercedao Chua who is a resident of the Philippines was appointed as the treasurer of Earthasia (Manila) in February 2014.</p>

---

## BUSINESS

---

We have also inadvertently breached certain sections of the Philippine Tax Code. The table below summarises the non-compliance with the requirements of the Philippine Tax Code by Earthasia (Manila) as at the Latest Practicable Date:

Details of the non-compliance incidents	Reason(s) for the non-compliance	Legal consequence including potential maximum penalties and other financial liabilities	Remedies/rectification action taken/to be taken
<p>Earthasia (Manila) failed to (i) pay the value-added tax (“VAT”) since its incorporation pursuant to sections 105 to 108 of the Philippine Tax Code and (ii) pay MCIT for the financial years of 2011 and 2012 pursuant to section 27(E) of the Philippine Tax Code.</p> <p>Since MCIT is imposed on a corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operation, Earthasia (Manila) was only liable to pay MCIT starting from 2011 as it was incorporated in 2007.</p> <p>Notwithstanding the aforesaid Earthasia (Manila) has indeed filed all required (i) VAT returns and (ii) annual income tax returns and quarterly income tax returns (which are used for the assessment of MCIT) during the Track Record Period on time.</p>	<p>The non-compliance incidents arose mainly because of a lack of professional advice from the past auditor of Earthasia (Manila).</p> <p>In particular, the past auditor has failed to inform Earthasia (Manila) that the payment from Earthasia (International) to Earthasia (Manila) should be made in foreign currency but not in Pesos in order to be qualified for zero-rated VAT. Since the payment from Earthasia (International) to Earthasia (Manila) was in Pesos, Earthasia (Manila) was not entitled to zero-rated VAT and therefore, our Philippines Legal Advisors advised that Earthasia (Manila) failed to make payment of VAT.</p> <p>Moreover, the past auditor caused Earthasia (Manila) to believe that it is not required to pay MCIT if its net income is zero or negative. However, our Philippines Legal Advisors advised that MCIT is imposed against the gross income of Earthasia (Manila) and Earthasia (Manila) failed to pay MCIT since it had gross profits in 2011 and 2012.</p> <p>The directors of Earthasia (Manila) were not familiar with, and were not made aware of, the specific requirement of the Philippine Tax Code at the material time.</p>	<p>Earthasia (Manila) is liable to pay the deficiency 12% VAT together with the interest at the rate of 20% per year.</p> <p>Our Philippines Legal Advisors advised that the Philippines tax authority has a period of three years from the date of filing of the VAT returns within which to assess for VAT deficiency and interests. The Philippines tax authority is time-barred to assess relevant deficiency beyond three years and if they do so, Earthasia (Manila) can raise the defence of prescription. According to section 222 of the Philippine Tax Code, in the case of a false or fraudulent return with intent to evade tax or of failure to file a return, the tax may be assessed at any time within 10 years after the discovery of such falsity or fraud. On the basis that the Philippines tax authority is time-barred to assess the relevant deficiency beyond three years, our Philippines Legal Advisors assessed that the maximum VAT exposure of Earthasia (Manila) for the years from 2011 to 2013 is approximately PHP17.12 million (equivalent to approximately HK\$2.98 million).</p> <p>Earthasia (Manila) is liable to pay the deficiency 2% of the gross income of 2011 and 2012 together with the interest at the rate of 20% per year and a surcharge of 50% on the MCIT deficiency amount for the financial year of 2011. Our Philippines Legal Advisors assessed that the MCIT exposure is approximately PHP345,000 (equivalent to approximately HK\$60,500).</p>	<p>For the years prior to the Track Record Period, as advised by our Philippines Legal Advisors, the Philippines tax authority is time-barred to assess relevant deficiency beyond three years from the filing date of the VAT returns, and if they do so, Earthasia (Manila) can raise the defence of prescription.</p> <p>We have obtained a Delinquency Verification Report for Tax Clearance from the Bureau of Internal Revenue dated 14 March 2014 which confirmed that Earthasia (Manila) did not have any final tax assessment which has remained unpaid as at March 2014.</p> <p>Moreover, there was no VAT or MCIT tax assessment conducted by the Philippine tax authority against Earthasia (Manila) since its incorporation which requires Earthasia (Manila) to pay VAT and MCIT. Notwithstanding that there was no such tax assessment, for the sake of prudence, Earthasia (Manila) has made provisions of approximately HK\$3.04 million in aggregate during the Track Record Period based on the amount of exposure assessed by the Philippines Legal Advisors.</p> <p>The Controlling Shareholders have agreed to indemnify our Group for any tax liabilities and related costs to be incurred by our Group in this respect. Please refer to the section headed “F. Other information – 1. Tax and other indemnities” in Appendix IV to this prospectus.</p>

---

## BUSINESS

---

### INTERNAL CONTROL AND RISK MANAGEMENT

#### Internal control findings and remedial measures

We recognised the importance of effective internal control measures in our operations. In order to enhance the effectiveness of our internal control system, we engaged an independent internal control consultant, SHINEWING Risk Services Limited, on 5 November 2013 to review our internal control procedures, covering accounting and management procedures, corporate governance compliance, information system control management, and other compliance procedures. The Internal Control Consultant performed a first round on-site review in November 2013. After completion of such review, the Internal Control Consultant conducted conference calls with us to discuss the status of remediation measures recommended by them. In February 2014, the Internal Control Consultant performed an on-site follow-up review. The table below sets forth the Internal Control Consultant's major findings and recommendations and our status of implementations:

<b>Major findings</b>	<b>Remedial measures to be taken</b>	<b>Status for implementation of remedial measures</b>
Our Group had no effective credit control mechanism to monitor the outstanding balances of our clients.	Our Group should implement and update an internal mechanism to facilitate the monitoring of our clients' payment status.	Our Group has set up a reporting and monitoring mechanism to follow-up on the outstanding balances of our clients.
Our Group had no offsite data backup and recovery test on data backup.	Our Group should improve data backup management measures to execute offsite data backup and carry out regular recovery tests on data backup.	Our Group has set up offsite data backup facility and procedure to perform recovery tests on data backup.

As at the Latest Practicable Date, we have implemented the remedial measures according to the recommendations of our Internal Control Consultant. These remedial measures are formulated after careful investigations based on the factual findings, our Directors are of the view that we have adequate and effective internal control procedures in place.

#### Risk management policies and procedures

We have adopted standardised risk management manual as part of our internal control measures. The Board is responsible to supervise the implementation of this risk management manual in order to achieve the following targets: (i) ensure the risk can be controlled under acceptance level; (ii) ensure the formulation of financial statements based on reliable and accurate information; (iii) ensure compliance with relevant laws and regulations; (iv) ensure the full implementation of other internal manuals; and (v) ensure the formulation of effective risk management plans.



---

## BUSINESS

---

Our risk management manual targets to cover various major aspects, namely, market risk, financial risk, operational risk and business risk. To manage these risks, our manual comprises the following major steps in our risk management procedure:

- information collection;
- risk assessment;
- formulation of risk management strategies;
- implementation of risk management measures; and
- review and improvement of risk management measures

Our management has identified several major risks in relation to our business operations. For example, we placed heavy reliance on professional staff and professional qualification. For details, please refer to the section headed “Risk factor – Risks relating to our business” in this prospectus. Our Directors are of the view that through the adoption of standardised risk management manual, we can identify, assess and mitigate the risks more effectively.

### **On-going measures to implement the risk management policies**

To ensure the continuous implementation of our risk management policies and procedures, we have also adopted various on-going measures set out as follows:

- we have provided training to our Directors and senior management in respect of the risk management manual and the Board shall continuously review and monitor the implementation of the risk management manual;
- we will provide continuous pre-commencement and on-job risk management training to our employees;
- we have conducted detailed risk assessment analysis in 2014 and will continue this exercise from time to time; and
- we have included risk management manual into our corporate governance and internal control measures. Under which the Board shall formulate and incorporate risk management measures into internal control procedures when appropriate

---

## BUSINESS

---

### CORPORATE GOVERNANCE

We have adopted or will adopt the following corporate governance and internal control measures to enhance the internal control systems, ensure compliance with applicable laws and regulations and prevent the recurrence of the above non-compliance incidents:

1. we will establish an audit committee prior to Listing, which will establish formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations;
2. our internal control measures, policies and procedures have been codified in our new internal operational manual, which have been adopted and implemented by us, after taking into account the recommendations from our internal control advisor;
3. subject to recommendation from our audit committee, we will appoint external internal control advisor to perform periodic review of our internal control system to evaluate the effectiveness and formulate plans and recommendations for improvement of our internal control policies and procedures;
4. our Group will appoint Mr. Kwok Ka Hei, our chief financial officer, as compliance officer. Mr. Kwok is responsible for, inter alia, the oversight of compliance with related laws and regulations;
5. our Group has appointed Mr. Kwok Ka Hei as chief financial officer and Ms. Chan Chi Hing as company secretary. Details are set out in the paragraph headed “Directors, Senior management and staff – Senior management” in this prospectus;
6. we will appoint GF Capital as our compliance advisor upon Listing to provide advice to our Directors and management team regarding matters relating to the Listing Rules;
7. we will appoint a Hong Kong legal advisor upon Listing to advise us on compliance with the Listing Rules and the applicable Hong Kong laws and regulations and such engagement will be reviewed annually; and
8. each of our Directors of our Group has received and reviewed a memorandum prepared by our legal advisor and attended a training session conducted by our legal advisor regarding the responsibilities and duties of Directors.

### Views of our Directors and the Sole Sponsor

As set out in the sections headed “Business – Safety” and “Business – Legal proceedings and compliance – Non-compliance matters of our Group during the Track Record Period and as at the Latest Practicable Date” in this prospectus, our Group has laid down and implemented detailed internal control and corporate governance measures to monitor ongoing compliance with the relevant laws and regulations to prevent the occurrence of any non-compliance in the future. Our Directors believe that the corporate governance and internal control measures could effectively ensure a proper internal control system and

---

## BUSINESS

---

maintain good corporate governance practices of our Group, and the additional work safety measures are adequate and effective. In view of the measures in place, our Directors are of the view, and the Sole Sponsor concurs, that these systems are sufficient and effective to ensure ongoing compliance with the relevant laws and regulations by our Group.

Our Directors are of the view, and the Sole Sponsor concurs, that the past non-compliance incidents, claims and litigations do not involve any dishonesty on the part of our Directors or cast any doubt on their integrity or competence and do not affect their suitability to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules.

---

## RELATIONSHIP WITH PUBANG GROUP

---

### PRE-IPO INVESTMENT OF PUBANG IN OUR GROUP

On 16 January 2014, PBLA, an indirect wholly owned subsidiary of Pubang, became a shareholder of our Company upon completion of the acquisition of 3,100 Shares from LSBJ and CYY and the subscription for 454 new Shares from our Company at the consideration of HK\$91,850,000 and HK\$15,000,000 respectively, and such amounts were determined by reference to the financial position and profitability of our Group. As at the Latest Practicable Date, PBLA was interested in approximately 34.0% of the issued share capital of our Company. Immediately after completion of the Global Offering and the Capitalisation Issue, without taking into account the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, the shareholding interest of PBLA will decrease to approximately 25.5% of the issued share capital of our Company. As such, PBLA together with its holding companies (namely, Pubang (Hong Kong) and Pubang) and its ultimate controlling shareholder, Mr. Tu Shan Zhong will be our substantial Shareholders upon Listing.

The following table summarises the details of the pre-IPO investment made by Pubang Group in our Group, including the name and date of the relevant agreements, amount of consideration paid, payment date of the consideration, effective cost per Share paid and the respective discount to the Offer Price.

Name and date of investment document	Consideration paid	Payment date	Effective cost per Share <sup>(Note 1)</sup>	Premium over/ (discount to) Offer Price <sup>(Note 2)</sup>	Use of proceeds
Pre-IPO Investment Agreement dated 9 December 2013	HK\$91,850,000	17 December 2013 and 24 January 2014	HK\$1.03	(6.1)%	The sale proceeds were for the personal use of Mr. Lau and Mr. Chan
Pre-IPO Subscription Agreement dated 9 December 2013	HK\$3,000,000 HK\$12,000,000	6 November 2013 18 December 2013	HK\$1.15	4.7%	The allotment proceeds were and will be used entirely by our Company for the payment of listing fees
	<u>HK\$106,850,000</u>		<u>HK\$1.05</u> <sup>(Note 3)</sup>	<u>(4.8)%</u>	

*Notes:*

1. This column is prepared for illustration purpose only assuming that the Global Offering and the Capitalisation Issue is completed, but without taking into account the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.
2. This column is prepared for illustration purpose only assuming that the Offer Price is HK\$1.10 per Offer Share (being the mid-point of the Offer Price range between HK\$1.00 and HK\$1.20 per Offer Share).
3. This figure was calculated based on the weighted average of the respective consideration paid for the respective subscription.

---

## RELATIONSHIP WITH PUBANG GROUP

---

According to the Pre-IPO Investment Agreement, Pubang (Hong Kong) has been granted the following rights:

- **Cashflow level**

Mr. Lau, LSBJ, Mr. Chan and CY (collectively, the “**Guarantors**”) guarantee that the net consolidated operating cashflow of Earthasia (International) and its subsidiaries shall not be less than HK\$30,900,000, HK\$34,610,000 and HK\$38,760,000 for the financial years ended 31 December 2013, 2014 and 2015 respectively (“**Cashflow Guarantee**”). According to the interpretation of Pubang (Hong Kong) and the Guarantors, it shall represent the growth rate of approximately 12.0% when compared to the average of the consolidated operating net cashflow for the years from 2010 to 2012 and those of the preceding years.

The Guarantors guarantee that if the Listing approval is not obtained or the plan for Listing is cancelled on or before 31 December 2014, whichever is earlier (“**Unsuccessful Listing**”), the average annual net profit of Earthasia (International) shall not be less than HK\$31,000,000 for the financial years ended 31 December 2016, 2017 and 2018.

In the event of Unsuccessful Listing, unless the Guarantors and Pubang (Hong Kong) agree otherwise, the Guarantors guarantee that the amount of the dividend to be distributed by Earthasia (International) annually shall, depending on the operation of Earthasia (International), be not less than 80% of the then audited net profit or net cashflow of Earthasia (International), whichever is lower (provided that the bank account of Earthasia (International) shall retain operating cashflow in an amount not less than 3 times the average audited monthly operating fixed cost in the preceding year).

- **First right of refusal**

In the event of Unsuccessful Listing, Pubang (Hong Kong) or PBLA shall have the first right of refusal to purchase the Shares from the Guarantors on the same price and at same terms and conditions as offered to third party.

- **Right of Nomination**

The Guarantors shall procure the appointment of nominees of Pubang (Hong Kong) as Directors and such nominees shall constitute one-third of the member of the Board (without taking into account of the number of the independent non-executive Directors). The Guarantors shall also procure the appointment of a person nominated by Pubang (Hong Kong) as the vice-general manager of Earthasia (Shanghai) on the condition that such appointment will not affect the business operation carried on by our Group. The Guarantors are entitled to request Pubang (Hong Kong) to replace such nominees if they are in breach of their duties or commit acts which are to the prejudice of the interests of our Group.

---

## RELATIONSHIP WITH PUBANG GROUP

---

- **Information Rights**

The Guarantors shall ensure Pubang (Hong Kong) and PBLA have the right to receive information and to vote in relation to the annual budget, investment and finance plans and amendments to the articles of association of our Company.

- **Key Management**

Subject to the Listing Rules and the applicable laws, the Guarantors guarantee that Mr. Chan, Mr. Lau and the key management personnel of our Group shall sign an undertaking to continue to serve our Group until 31 December 2018 and shall not directly or indirectly participate in any business which may compete with the business of our Group during the term of service and within one year after resignation (“**Key Management Guarantee**”). As at the Latest Practicable Date, the member of the key management personnel of our Group has not been agreed between our Group and Pubang.

In the event of Unsuccessful Listing, bonus payable to the key management of our Group shall be decided upon negotiation between the Guarantors and Pubang (Hong Kong).

- **Intellectual Property Rights**

The intellectual property rights in respect of the trademarks “Earthasia International”, “Earthasia” and “EADG” shall belong to our Group (“**IP Rights Guarantee**”).

According to the Pre-IPO Investment Agreement, all of the above rights of Pubang (Hong Kong) and PBLA (as the case may be) shall be terminated upon Listing except the rights relating to the Cashflow Guarantee, Key Management Guarantee and IP Rights Guarantee. Pursuant to the Pre-IPO Investment Agreement, our Company is not liable to compensate the Pubang Group if there is any breach of the Cashflow Guarantee, Key Management Guarantee and IP Rights Guarantee, whereas only Mr. Lau, LSBJ, Mr. Chan and CYY are liable for making compensation to Pubang Group. Therefore, our Directors are of the view that the Cashflow Guarantee, Key Management Guarantee and IP Rights Guarantee are in compliance with the Guidance Letter HKEX-GL-43-12 of the Stock Exchange. Neither the details of the basis of the compensation nor the amount of compensation is stated or quantified in the Pre-IPO Investment Agreement. According to the Pre-IPO Investment Agreement, if any of the said breaches occur, the amount of compensation will be assessed pursuant to the laws of Hong Kong. The Board representatives of Pubang (Hong Kong), namely Mr. Ma Lida (馬力達) and Ms. Huang Yaping (黃嫻萍), were appointed on 24 February 2014 and as at the Latest Practicable Date, the vice-general manager of Earthasia (Shanghai) has not yet been nominated by Pubang (Hong Kong). We will retain Mr. Ma Lida (馬力達) and Ms. Huang Yaping (黃嫻萍) as our Directors after Listing in light of their relevant experience and contribution to our Group.

Save as disclosed above, there is no special right granted to the Pubang Group in connection with its investment in our Group.

---

## RELATIONSHIP WITH PUBANG GROUP

---

PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong are regarded as controlling shareholders of our Company prior to Listing in light of their approximately 34.0% shareholding interest in our Company. As such, PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong are subject to lock-up under Rule 10.07(1) of the Listing Rules. However, since the shareholding interest of PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong will decrease to below 30% upon Listing and hence cease to be the controlling shareholders, the lock-up in respect of the second 6-month period from the date of Listing under Rule 10.07(1)(b) shall not be applicable. Accordingly, PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong have unconditionally and irrevocably undertaken that they shall not, in the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is 6 months from the date on which dealings in the securities of our Company commence on the Stock Exchange, dispose of, nor enter into any arrangement, agreement or contract (whether oral, written or in any other manner) to dispose of or otherwise create any options, rights, interests or encumbrances (including charges) in respect of, any of those securities of our Company in respect of which it/he is shown by this prospectus to be the beneficial owner.

On the basis that the investment by PBLA in our Group was completed more than 28 clear days before the date of submission of the Listing application, the Sole Sponsor confirms that such investment has complied with the Guidance Letters HKEx-GL29-12 and HKEx-GL43-12 (updated in July 2013) of the Stock Exchange.

### BACKGROUND OF PUBANG GROUP

PBLA is a company incorporated under the laws of the BVI and is a wholly owned subsidiary of Pubang (Hong Kong), which in turn is a company incorporated under the laws of Hong Kong and is a wholly owned subsidiary of Pubang. Pubang is a joint stock limited company incorporated under the laws of the PRC and the shares of which are listed on the Shenzhen Stock Exchange.

Pubang Group is in the construction industry engaged in the business of landscape construction (including building design), landscape architecture, landscape maintenance and garden nursery, providing one-stop building and landscape design and landscape construction service for residential, tourism, public works projects. Pubang Group was set up in 1995 and has been in operation for around 19 years in the PRC, with the National City Landscape Green Enterprise First Class Qualification (國家城市園林綠化企業一級資質), Category A Qualification (風景園林工程設計專項甲級資質) and Category A Architecture Professional Design Qualification (建築專業設計甲級資質).

### DELINEATION OF BUSINESS OF PUBANG GROUP AND OUR GROUP

The business of Pubang Group covers landscape construction (including building design), landscape architecture, landscape maintenance and garden nursery. Our Group's business focuses on landscape architecture and does not carry out any construction works, landscape maintenance or garden nursery works. The business of our Group, being a landscape architecture service provider, to a certain extent overlaps with Pubang Group's business of landscape architecture. However, our clientele are different from Pubang Group's since our expertise lies in the area of the profession which is different from Pubang Group. Pubang Group is specialised in landscape construction while our Group is specialised in landscape architecture. For

---

## RELATIONSHIP WITH PUBANG GROUP

---

the year ended 31 December 2013, approximately 7.0% of the total revenue of Pubang was attributable to landscape architecture segment whereas 100% of the total revenue of our Group was attributable to landscape architecture projects.

Set out below is the revenue of Pubang Group by business segments for the year ended 31 December 2013:

<b>Business segments of Pubang Group</b>	<b>Revenue (RMB)</b>	<b>% of total revenue</b>
Landscape construction	2,212 million	92.5%
Landscape architecture	168 million	7.0%
Landscape maintenance and garden nursery	<u>13 million</u>	<u>0.5%</u>
	<u>2,393 million</u>	<u>100%</u>

As shown in the above table, the business segment of landscape architecture of Pubang Group is relatively small and the source of revenue of Pubang Group was mainly derived from the segment of landscape construction. On the contrary, our Group derives all its revenue from landscape architecture and the related services. This demonstrates different business focus of Pubang Group and our Group.

### Clients

The five largest clients of Pubang Group do not overlap with that of our Group during the Track Record Period.

The proportion of revenue generated from the respective five largest clients of Pubang Group and our Group can further demonstrate the difference in focus between our Group and Pubang Group. Over 40% of Pubang's revenue were generated from its top five clients for the year ended 31 December 2013 but the revenue generated from our Group's top five clients only accounted for approximately 18% of our Group's revenue for the year ended 31 December 2013. It is apparent that while Pubang Group is more reliant on a smaller group of clients, our Group does not place material reliance on our top five clients.

The clients of Pubang Group and our Group consist of property developers, government and public bodies but the geographical location of the clients are different. The location of our Group's clients concentrates in Eastern China while Pubang Group's clients concentrate in Southern China. Please refer to the paragraph headed "Geographical base" below for the revenue derived from different geographical location of the projects. As a specialised landscape architecture service provider, we believe that we target clients with higher demand as to the level of quality and precision of work whereas Pubang Group targets clients with less demand as to the level of quality and precision with comparatively less budget for landscape architecture services. Moreover, Pubang Group targets clients that look for one-stop integrated services of landscape architecture, construction, maintenance and garden nursery while our Group targets clients that look for specialised landscape architecture services. Further, to the best knowledge of our Directors, our Group and Pubang Group have not submitted tender or bidding for the same landscape architecture project during the Track Record Period.



---

## RELATIONSHIP WITH PUBANG GROUP

---

### Suppliers

The five largest suppliers of our Group include the sub-consultants, travel agents and printing service providers. As the business focuses of Pubang Group are different from us, the suppliers of Pubang Group are of different nature. The five largest suppliers of Pubang Group are suppliers of seedling, construction materials, plumbing and electricity equipment and supplies. The five largest suppliers of Pubang Group and our Group are of different nature as a result of the different business focus.

### Geographical base

As at the Latest Practicable Date, we have established extensive network with offices covering Beijing, Chengdu, Guangzhou, Shanghai, Shenzhen, Wuhan, Xiamen, Xi'an, Hong Kong and the Philippines. We also have a liaison office in Changsha as contact point. Our Group is based in Hong Kong and our headquarters in the PRC are in Shanghai. Our first office in Shanghai was set up in 2004.

As at the Latest Practicable Date, Pubang Group has 13 branches in the PRC situated at Beijing, Qingdao, Wuhan, Hainan, Chengdu, Foshan, Suzhou, Nanjing, Nanning, Yantai, Fujian, Xi'an and Shanghai. Pubang Group is headquartered in Guangzhou and its office in Shanghai was set up in May 2013.

Our Group undertakes landscape architecture projects mainly in Hong Kong and the PRC while Pubang Group only undertakes projects in the PRC. The table below sets out the percentage of the total revenue in respect of the projects located in different geographical locations of Pubang Group and our Group for the year ended 31 December 2013:

Location	Percentage of total revenue for the year ended 31 December 2013	
	by Pubang Group	by our Group
Hong Kong	–	7.2%
Central China	5.5%	12.7%
Eastern China	27.3%	48.2%
Northern China	5.7%	6.0%
Northeastern China	0.9%	4.3%
Northwestern China	–	1.4%
Southern China	51.6%	7.7%
Southwestern China	9.0%	11.0%
Macau	–	1.2%
Philippines	–	0.3%

Although there is overlapping in geographical location of the projects undertaken by our Group and Pubang Group, the geographical focus of the two groups are different as indicated by the table above. As our Group has a longer presence in Shanghai, we maintain comparative advantage in Eastern China while Pubang Group has its comparative advantage in Southern China.

---

## RELATIONSHIP WITH PUBANG GROUP

---

### REASONS AND BENEFITS OF PUBANG GROUP'S INVESTMENT IN OUR GROUP

The introduction of Pubang Group as a strategic investor enhances our Group's shareholder profile and boosts public confidence in our Group with the investment from Pubang, being a listed company, serves as an endorsement of our Group's strength and prospects.

Synergy may be created between our Group and Pubang Group as the two groups possess different expertise. Depending on the demands of clients, our Group and Pubang Group can join force to bid projects leveraging on our international exposure, quality and precision in the landscape architecture work combined with Pubang Group's Category A Qualification and their network of construction clients.

Our Group and Pubang Group will endeavour to co-operate to bid for projects in the future by referring jobs to each other. If it comes to our Group's knowledge that the potential client prefers a service provider with capability of providing one-stop landscape architecture, construction, maintenance and garden nursery services, our Group will introduce Pubang Group to the potential client on the understanding that our Group will be providing the landscape architecture services while the other services will be provided by Pubang Group. Alternatively, if Pubang Group is aware of a potential client having high demand in terms of the quality and precision of the landscape architecture services, Pubang Group will introduce our Group to the potential client on the understanding that our Group will be providing the landscape architecture services while the other services will be provided by Pubang Group. With the above arrangement, the co-operation between our Group and Pubang Group can serve to secure potential client for each other by addressing the relevant need of that client. Moreover, since Pubang Group has Category A Qualification, our Group will refer projects which require Category A Qualification to Pubang Group and the two groups will jointly carry out the project.

### INDEPENDENCE OF PUBANG GROUP AND OUR GROUP

To the best knowledge of the Directors, PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong are independent of and not connected with the Controlling Shareholders and Directors and their respective connected persons and vice versa.

Each of Pubang Group and our Group has its respective own management teams and staff. Save and except Mr. Ma Lida (馬力達) and Ms. Huang Yaping (黃婭萍) who are staff of Pubang and non-executive Directors of our Company, none of the members of the board of directors, board of supervisors and senior management of Pubang holds any concurrent position in any of the Board or senior management and vice versa.

In the Pre-IPO Investment Agreement, Pubang (Hong Kong) has undertaken not to interfere with the operation of our Group and our Group shall continue to operate and develop its business independently. Mr. Ma Lida (馬力達) and Ms. Huang Yaping (黃婭萍) were nominated by Pubang (Hong Kong) and appointed as non-executive Directors of our Company on 24 February 2014. They serve as Pubang Group's board representation in our Group, taking a non-executive role of participating in the formulation of our Group's corporate and business strategies. Mr. Ma Lida (馬力達) and Ms. Huang Yaping (黃婭萍) do not participate in the daily operation of our Group (including any tendering or client pitching process initiated by our Group on our own, which is under fire-wall within our Group's restricted pool of designated staff participating in the relevant project in accordance with the internal control policy of our Group). If in case there is any

---

## RELATIONSHIP WITH PUBANG GROUP

---

discussion of project(s) under tendering or pitching during Board meeting(s), Mr. Ma Lida (馬力達) and Ms. Huang Yaping (黃婭萍) are required to declare their conflict of interests with the Board and are hence barred from further participation or voting in the same issue if there is any potential conflict of interest between our Group and the Pubang Group.

There has not been any financing arrangement between our Group and Pubang Group and there has not been any arrangement on sharing of office facilities or staff between our Group and Pubang Group. Therefore, our Group carries out its business independently from Pubang Group.

Save as the shareholding interests and directorships in our Group, Pubang Group is not involved in the management and daily operations of our Group. Pubang Group does not have any other relationships with our Company, its subsidiaries, their respective directors or senior management, their shareholders and their respective associates, whether in the past or at present. The acquisition and subscription of the Shares of our Company by PBLA was not financed directly or indirectly by a connected person of our Company or our Group.

Based on the above, Pubang Group is only a passive investor in our Group. Pubang, Pubang (Hong Kong), PBLA and Mr. Tu Shan Zhong will be substantial shareholders, and hence, connected persons of our Company for the purpose of Listing Rules, all of the Shares held by them will not form part of the public float upon Listing. There is no direct competition between our Group and Pubang Group in respect of the suppliers and clients. According to the Ipsos Report, it is a sizeable market for the landscape architecture industry in the PRC of which the total revenue of landscape architecture service industry in the PRC amounted to approximately HK\$34.2 billion for the year ended 31 December 2013. Our Group recognised approximately HK\$198.2 million of revenue for the year ended 31 December 2013 from our PRC landscape architecture projects, accounting for approximately 0.6% of the total revenue in the PRC landscape architecture service industry; whereas Pubang Group recognised approximately RMB167.8 million of revenue for the year ended 31 December 2013 from its PRC landscape architecture projects, accounting for approximately 0.6% of the total revenue in the PRC landscape architecture service industry. The market share of each of our Group and Pubang Group in the PRC is very small. As such, any competition between our Group and Pubang Group in the landscape architecture market will be of no different to other competitions encountered by our Group with other independent third parties.

---

## RELATIONSHIPS WITH THE CONTROLLING SHAREHOLDERS

---

### CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and the Global Offering, Mr. Chan will through CYY hold approximately 33.0% and Mr. Lau will through LSBJ hold approximately 16.5% of our Company's entire issued share capital (without taking into account the exercise of the Over-allotment Option and any options which have been or may be granted under the Share Option Scheme). Mr. Chan and Mr. Lau have been working in the same companies for more than 20 years and they have been the sole shareholders of our Group for around 10 years. Throughout the years when they were shareholders of our Group companies, they had unanimous voting pattern and reached consensus on key decisions. Therefore, Mr. Chan, CYY, Mr. Lau and LSBJ as Controlling Shareholders, will together hold approximately 49.5% of our Company's entire issued share capital immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account the exercise of the Over-allotment Option and any options which have been or may be granted under the Share Option Scheme).

Our Controlling Shareholders have confirmed that none of them and their respective associates is interested in any business which competes or is likely to compete, directly or indirectly with the business of our Group and there was no competing business between our Controlling Shareholders and our Group. For detailed background information about our Controlling Shareholders, please see the section headed "History and corporate structure" and "Directors, senior management and employees" in this prospectus.

### INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on its business independently from our Controlling Shareholders and their associates after Listing for the following reasons:

#### Management independence

Our management and operational decisions are made by the Board and senior management. The Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Among them, the two non-executive Directors, Mr. Ma Lida (馬力達) and Ms. Huang Yaping (黃婭萍), were nominated by Pubang (Hong Kong) and serve as Pubang Group's board representation in our Group. For details, please refer to the section headed "Relationship with Pubang Group – Independence of Pubang Group and our Group" in this prospectus. PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong are regarded as controlling shareholders of our Company prior to Listing in light of their approximately 34.0% shareholding interest in our Company. However, since the shareholding interest of PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong will decrease to below 30% upon Listing, they will cease to be the controlling shareholders of our Company upon Listing. Although Mr. Lau and Mr. Chan who are also the sole director of LSBJ and CYY respectively hold directorships in our Company, we consider that the Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;

---

## RELATIONSHIPS WITH THE CONTROLLING SHAREHOLDERS

---

- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum. Our Group has also adopted certain corporate governance measures for conflict situation, details of which are set out in the paragraph headed “Corporate governance measures” of this section; and
- (c) all our senior management members are independent from our Controlling Shareholders. They have substantial experience in the industry we are engaged in. They have served our Group for a significant length of time during which period they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

### **Operational independence**

We do not share operation team, facilities and equipment with our Controlling Shareholders and their associates. We have independent access to suppliers and clients and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licences necessary to carry on and operate our business and we have sufficient workforce to operate independently from our Controlling Shareholders and their associates. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

### **Financial independence**

We have an independent financial system and make financial decisions according to our own business needs. As at the Latest Practicable Date, (i) we did not have any outstanding loans or borrowings from our Controlling Shareholders or any of their respective associates; (ii) there was no bank borrowings for which any of the Controlling Shareholders has provided guarantees. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Global Offering as we expect that our working capital will be funded by our operating income.

### **DEED OF NON-COMPETITION**

In order to avoid any future competition between our Group and our Controlling Shareholders, each of the Controlling Shareholders has under the Deed of Non-competition undertaken and covenanted with our Company (for itself and as trustee for its subsidiaries) that for so long as he/it and/or his/its associates, directly or indirectly, whether individually or taken together, remain a controlling shareholder(s) of our Company:

- (i) he/it will not, and will procure his/its associates not to (other than through our Group or in respect of each Controlling Shareholder (together with his/its associates), as a holder of not more than 5% of the issued shares or stock of any class or debentures of any company listed on any recognised stock exchange) directly or indirectly carry on, engage or otherwise be interested (in each case whether as shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which may be in competition with the business carried on by our Group from time to time (the “**Restricted Activity**”), except where our Company’s approval as mentioned in the paragraph below is obtained;

---

## RELATIONSHIPS WITH THE CONTROLLING SHAREHOLDERS

---

Our Controlling Shareholders and their respective associates are entitled to engage or have an interest in any Restricted Activity if our Company has confirmed in writing (the “**Approval Notice**”) that none of our Group members wishes to be engaged or interested in the relevant Restricted Activity and it has approved the relevant Controlling Shareholders and their respective associates to engage or have any interest in the Restricted Activity. Any Director who is interested in the relevant Restricted Activity shall not vote on the relevant resolutions approving the Approval Notice;

- (ii) if any of our Controlling Shareholder and/or his/its associates decide to invest, be engaged, or participate in any Restricted Activity, whether directly or indirectly, in compliance with the Deed of Non-competition, he/it will and/or will procure his/its associates (other than members of our Group) to disclose the terms of such investment, engagement or participation to our Company and our Directors as soon as practicable and use his/its reasonable endeavours to procure that such investment, engagement or participation (the “**New Business Opportunities**”) is offered to our Company on terms no less favourable than the terms on which such investment, engagement or participation is offered to him/it and/or his/its associates, when any New Business Opportunities are referred to our Company by any of our Controlling Shareholders, the independent non-executive Directors of our Company will consider such opportunity on various aspects including viability and profitability;
- (iii) he/it will not, and will procure his/its associates not to, directly or indirectly, solicit, interfere with or entice away from any member of our Group, any natural person, legal entity, enterprise or otherwise who, to any of our Controlling Shareholder’s knowledge, as at the date of the Deed of Non-competition, is or has been or will after the date of the Deed of Non-competition be, a client, supplier, distributor or management, technical staff or an employee (of managerial grade or above) of any member of our Group; and
- (iv) he/it will not, and will procure his/its associates not to, exploit his/its knowledge or information obtained from our Group to compete, directly or indirectly, with the Restricted Activity.

The Deed of Non-competition and the rights and obligations thereunder are conditional and will take effect immediately upon Listing.

The obligations of a Controlling Shareholder under the Deed of Non-competition will remain in effect until:

- (a) the date on which the Shares cease to be listed on the Stock Exchange; or
- (b) the Controlling Shareholder and his/its associates, individually and/or collectively, cease to be deemed as controlling shareholder of our Company (within the meaning defined in the Listing Rules from time to time); or
- (c) the Controlling Shareholder and his/its associates, individually and/or collectively beneficially own or are interested in the entire issued share capital of our Company;

---

## RELATIONSHIPS WITH THE CONTROLLING SHAREHOLDERS

---

whichever occurs first.

Nothing in the Deed of Non-competition shall prevent our Controlling Shareholders or any of their associates from carrying on any business whatsoever other than the Restricted Activity.

### CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted to monitor the compliance of the Deed of Non-competition:

- (a) the independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders and their respective associates on their existing or future competing businesses;
- (b) our Controlling Shareholders shall promptly provide all information necessary for the annual review by the non-executive Directors and the enforcement of the Deed of Non-competition and provide to our Company a written confirmation relating to the compliance of the Deed of Non-competition and make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;
- (c) our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the undertakings provided by our Controlling Shareholders either through the corporate governance report as set out in the annual report of our Company, and/or by way of announcements to the public;
- (d) any New Business Opportunities under the Deed of Non-competition and all other matters determined by the Board as having a potential conflict of interest with our Controlling Shareholders will be referred to the independent non-executive Directors for discussion and decision. When necessary, such independent non-executive Directors will engage an independent financial advisor to advise them on the relevant matters. In the event any New Business Opportunities presented by or otherwise arising in connection with any of our Controlling Shareholders are turned down by our Group according to the Deed of Non-competition, our Company will disclose the decision, as well as the basis for such decision in the annual report or interim report of our Company. The annual report of our Company will include the views and decisions, with bases, of the independent non-executive Directors on whether to take up any New Business Opportunities under the Deed of Non-competition or other matters having a potential conflict of interest with our Controlling Shareholders that have been referred to the independent non-executive Directors;
- (e) if the Controlling Shareholder or a Director has a conflict of interest in a matter to be considered, he/it shall act in accordance with the requirements of the Listing Rules, regarding voting on such matter; and
- (f) the compliance advisor of our Company shall provide our Company with professional advice on compliance of continuing obligations under the Listing Rules in accordance with the provisions of the compliance advisor agreement and the requirements of the Listing Rules.

---

## CONNECTED TRANSACTIONS

---

### CONTINUING CONNECTED TRANSACTION

We have entered into certain transactions with parties who are connected persons, and these transactions will continue following Listing, thereby constituting continuing connected transactions of our Group under the Listing Rules.

#### Exempt Continuing Connected Transaction

##### *1. Lease Agreement – Premises owned by Mr. Chan*

On 20 December 2013, a lease agreement (“**Mr. Chan’s First Lease Agreement**”) was entered into between Mr. Chan (as landlord) and Earthasia (Shanghai) (as tenant) in respect of a property situated at No.189, Lane 555, Hongxu Road, Minxing District Shanghai, PRC (“**Mr. Chan’s First Premises**”). On the same date, another lease agreement (“**Mr. Chan’s Second Lease Agreement**”, together with Mr. Chan’s First Lease Agreement collectively called “**Mr. Chan’s Lease Agreements**”) was entered into between Mr. Chan (as landlord) and Earthasia (Shanghai) (as tenant) in respect of a property situated at Room 3107, No.1, Lane 133, Guangfuxi Road, Putuo District Shanghai, PRC (“**Mr. Chan’s Second Premises**”).

Each of Mr. Chan’s Lease Agreements was for a term of 3 years commencing on 1 January 2014 and ending on 31 December 2016 (both days inclusive) at a monthly rental of RMB24,000 and RMB10,000 (exclusive of water, electricity, gas, telephone, internet charges and other utilities outgoings which are payable by the tenant) respectively. Mr. Chan’s First Premises has a gross floor area of approximately 278.27 sq.m. and is currently used as a staff quarter of the Group. Mr. Chan’s Second Premises has a gross floor area of approximately 84.07 sq.m. and is currently used to accommodate the staff or clients of our Group when they visit Shanghai.

The rentals under Mr. Chan’s Lease Agreements were determined by making reference to the market rates of neighbouring properties. AVISTA Valuation Advisory Limited, an independent property valuer, has confirmed that the rentals under Mr. Chan’s Lease Agreements are at market rate.

Since Mr. Chan is a Director and hence a connected person of our Company, Mr. Chan’s Lease Agreements constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios with respect to the transactions contemplated under Mr. Chan’s Lease Agreements on an annual basis, when aggregated under Rule 14A.25 of the Listing Rules, are less than 5% and the annual consideration is less than HK\$1,000,000, the performance of Mr. Chan’s Lease Agreements constitute exempt continuing connected transactions of our Company under Rule 14A.33 of the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

##### *2. Lease Agreement – Premises owned by Mr. Tian*

On 17 February 2014, a lease agreement (“**Mr. Tian’s First Lease Agreement**”) was entered into between Mr. Tian, Ms. Guo Jianhua and Mr. Tian Ye (collectively as landlord) and Earthasia (Shanghai) (as tenant) in respect of a property situated at Room 603, Block 4, No.555, Nanchang Road, Xuhui District



---

## CONNECTED TRANSACTIONS

---

Shanghai, PRC (“**Mr. Tian’s First Premises**”). On the same date, another lease agreement (“**Mr. Tian’s Second Lease Agreement**”, together with Mr. Tian’s First Lease Agreement collectively called “**Mr. Tian’s Lease Agreements**”) was entered into between Mr. Tian, Ms. Guo Jianhua and Mr. Tian Ye (collectively as landlord) and Earthasia (Shanghai) (as tenant) in respect of a property situated at Room 2701, Block 2, No.555, Nanchang Road, Xuhui District Shanghai, PRC (“**Mr. Tian’s Second Premises**”).

Each of Mr. Tian’s Lease Agreements was for a term of 10 months commencing on 1 March 2014 and ending on 31 December 2014. The monthly rental of Mr. Tian’s First Premises and Mr. Tian’s Second Premises are RMB12,000 and RMB15,000 respectively (exclusive of water, electricity, gas, telephone and cable fees which are payable by the tenant). Mr. Tian’s First Premises and Mr. Tian’s Second Premises have gross floor area of approximately 103.81 sq.m. and 128.87 sq.m. respectively, and are currently used to accommodate the staff or clients of our Group when they visit Shanghai.

The rentals under Mr. Tian’s Lease Agreements were determined by making reference to the market rates of neighbouring properties. AVISTA Valuation Advisory Limited, an independent property valuer, has confirmed that the rentals under Mr. Tian’s Lease Agreements are at market rate.

Ms. Guo Jianhua is Mr. Tian’s wife and Mr. Tian Ye is their son, and hence Ms. Guo Jianhua and Mr. Tian Ye are associates of Mr. Tian. Since Mr. Tian is a Director and hence a connected person of our Company, Mr. Tian’s Lease Agreements constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios with respect to the transactions contemplated under Mr. Tian’s Lease Agreements on an annual basis, when aggregated under Rule 14A.25 of the Listing Rules, are less than 5% and the annual consideration is less than HK\$1,000,000, the performance of Mr. Tian’s Lease Agreements constitute exempt continuing connected transactions of our Company under Rule 14A.33 of the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors), after taking into account of the view of an independent property valuer that the rentals under Mr. Chan’s Lease Agreements and Mr. Tian’s Lease Agreements are at market rate, confirm that each of Mr. Chan’s Lease Agreements and Mr. Tian’s Lease Agreements has been entered into in the ordinary and usual course of business of our Group and on normal commercial terms.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

### DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth certain information regarding our Directors and senior management:

Name	Age	Present position(s) in our Company	Date of appointment as Director/senior management	Date of joining our Group	Brief description of roles and responsibilities
Lau Hing Tat Patrick (劉興達)	54	Chairman of the Board and executive Director	25 November 2013	1 October 1986	Responsible for formulating corporate and business strategies; and making major corporate and operational decisions; chairman of the nomination committee
Chan Yick Yan Andross (陳奕仁)	51	Chief Executive Officer and executive Director	25 November 2013	3 January 1991	Responsible for formulating corporate and business strategies; and making major corporate and operational decisions; member of the remuneration committee
Tian Ming (田明)	58	Executive Director	24 February 2014	15 June 2006	Participating in formulating the corporate and business strategies
Michael John Erickson	53	Non-executive Director	24 February 2014	8 October 2007	Participating in formulating the corporate and business strategies
Ma Lida (馬力達)	33	Non-executive Director	24 February 2014	24 February 2014	Participating in formulating the corporate and business strategies; member of the audit committee
Huang Yaping (黃婭萍)	36	Non-executive Director	24 February 2014	24 February 2014	Participating in formulating the corporate and business strategies
Tam Ip Fong Sin (談葉鳳仙)	47	Independent non- executive Director	3 June 2014	3 June 2014	Acting as an independent Director, and member of the audit committee, the remuneration committee and the nomination committee
Wong Wang Tai (黃宏泰)	50	Independent non- executive Director	3 June 2014	3 June 2014	Acting as an independent Director, and chairman of the audit committee and the remuneration committee

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Name	Age	Present position(s) in our Company	Date of appointment as Director/senior management	Date of joining our Group	Brief description of roles and responsibilities
Wang Yuncai (王雲才)	46	Independent non- executive Director	3 June 2014	3 June 2014	Acting as an independent Director, and member of the audit committee, the remuneration committee and the nomination committee
Wu Man (吳曼)	43	Chief human resources officer	28 March 2014	15 March 2005	Responsible for general and human resources affairs
Chan Chi Hing (陳志卿)	40	Company secretary	24 February 2014	15 November 2004	Responsible for daily work of company secretary
Kwok Ka Hei (郭嘉熙)	32	Chief financial officer	28 March 2014	17 December 2013	Responsible for finance affairs

### DIRECTORS

The Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors.

The functions and duties of the Board include but are not limited to convening Shareholders' meetings and reporting our Board's work at Shareholders' meetings; implementing the resolutions passed at Shareholders' meetings; determining business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other powers, functions and duties as conferred by the Articles of Association.

### Executive Directors

**Mr. Lau Hing Tat Patrick (劉興達)**, aged 54, is the Chairman of the Board and an executive Director. He has over 30 years of experience in operation and management in landscape architecture service industry. Mr. Lau joined our Group in October 1986 as managing director of Earthasia (Hong Kong) responsible for formulating corporate and business strategies and making major corporations and operations decisions and became one of the directors and shareholders in February 1987. He has been holding the following positions under our Group, namely, (i) the director of Earthasia (Hong Kong) since February 1987, (ii) the director of Earthasia (International) since October 2004, (iii) the chairman of the board of directors of Earthasia (Shanghai) since November 2004, and (iv) the director of Earthasia (Manila) since October 2007.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Mr. Lau has also taken up the position as director of the JV Company from June 1997 to January 2005. For details of the JV Company, please refer to the section headed “History and corporate structure”.

Prior to joining our Group, Mr. Lau gained his experience in another two landscape architecture companies, namely, (i) Urbis Travis Morgan Limited from March 1985 to September 1986, and (ii) EBC Hong Kong (怡境師) from August 1983 to February 1985, as a landscape architect responsible for landscape design and project management.

Mr. Lau obtained his bachelor’s degree in Landscape Architecture from the University of Toronto in June 1983. He obtained his master’s degree in Urban Design from the University of Hong Kong in November 1991. Mr. Lau was qualified as a professional member in the grade of Associate of the Landscape Institute in the United Kingdom in January 1987. He has been a registered landscape architect under LARO since September 1999. He served in HKILA as president from September 1994 to May 1998 and has been a fellow member of HKILA since November 2008. He has taken up the positions of chairman of Asian Habitat Society (亞洲人居環境協會) and director of the Hong Kong Coalition of Professional Service. Mr. Lau is currently a member of the Town Planning Board and Lands and Development Advisory Committee. He was a district councillor of the Hong Kong Eastern District Council from 2004 to 2011. He was also a member of the following institutions, namely, (i) the Appeal Board Panel (Town Planning) from December 1999 to December 2005, (ii) the Community Involvement Committee on Greening from March 2011 to February 2013, (iii) the Harbour-front Enhancement Committee from May 2004 to August 2009, and (iv) the Harbourfront Commission from July 2010 to June 2013.

Mr. Lau has not held any directorship in any listed company in the last three years.

Mr. Lau does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

**Mr. Chan Yick Yan Andross (陳奕仁)**, aged 51, is the Chief Executive Officer and an executive Director. He has over 28 years of experience in operation and management in landscape architecture service industry. He first joined our Group in January 1991 as managing director of Earthasia (Hong Kong) responsible for formulating corporate and business strategies and making major corporations and operations decisions. Mr. Chan has also held the following positions in our Group, namely, (i) the director of Earthasia (Hong Kong) since December 1995; (ii) the director of Earthasia (International) since October 2004; (iii) the general manager and director of Earthasia (Shanghai) since November 2004; (iv) the director of Earthasia (Xiamen) since March 2013; (v) the director of Earthasia (Linkong); and (vi) the director of Earthasia (Manila) since October 2007. Mr. Chan is also the legal representative of the Beijing, Wuhan, Shenzhen, Xi’an and Guangzhou branch offices of Earthasia (Shanghai).

Mr. Chan has also taken up the position as director of the JV Company from June 1997 to January 2005. For details of the JV Company, please refer to the section headed “History and corporate structure”.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Prior to joining our Group, Mr. Chan has the following working experience relevant to his present positions in our Company:

Name of company	Principal business activities	Roles	Responsibilities	Period of services
BCG Landscape Architects Inc.	Landscape architecture, urban design, environmental planning	Partner and landscape architect	Design and project management	From September 1989 to January 1991
EDA Collaborative Inc.	Landscape architecture, urban design, environmental planning, tourism design	Intermediate landscape architect	Design and project management, detail design and working drawings	From August 1988 to August 1989
EBC Hong Kong (怡境師)	Landscape architecture and planning	Landscape architect	Design development, detailed design, contract administration and supervision	From July 1985 to February 1988

Mr. Chan obtained his bachelor's degree in Landscape Architecture from the University of Toronto in June 1985. He was qualified as a professional member in the grade of Associate of the Landscape Institute in the United Kingdom in January 1988. He was a member of the Ontario Association of Landscape Architects and the Canadian Society of Landscape Architects in July 1989 and 1990, respectively. Mr. Chan has been a registered landscape architect under LARO and a fellow member of HKILA since September 1999 and November 2008, respectively. He has been a member of American Society of Landscape Architects since March 2004. He was accredited as the Outstanding Entrepreneur of the National Reconnaissance Design Industry (President) (全國勘察設計行業優秀企業家 (院長)) by the China Exploration and Design Association (中國勘察設計協會) in November 2013.

Mr. Chan has not held any directorship in any listed company in the last three years.

Mr. Chan does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

**Mr. Tian Ming (田明)**, aged 58, is an executive Director. He has over 26 years of experience in architecture-related and landscape architecture industry. Mr. Tian joined our Group in June 2006 as the director of Earthasia (Shanghai). Prior to joining our Group, he was appointed as the chief representative of the Shanghai office of the JV Company from November 1999 to November 2002. From April 1993 to June 1998, Mr. Tian worked as a deputy chief designer at Shanghai Vanke Real Estate Co., Limited (上海萬科房地產有限公司) which is a subsidiary of China Vanke Co., Ltd. (萬科企業股份有限公司) principally engaging in residential and commercial property development. Mr. Tian was responsible for property estate design (房地產設計) during his time of employment. He worked as a designer from 1983 to 1993 in Shanghai Municipal Engineering Design Institute (上海市政工程設計研究院) which principally engaged in municipal engineering (市政工程). Mr. Tian was responsible for architectural design for municipal projects during his time of employment.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Mr. Tian obtained his bachelor's degree in structural engineering from Tongji University (同濟大學) in December 1985. He was qualified as architect and structural engineer in March 1991 in the PRC by the Shanghai Municipal Engineering Design Institute (上海市政工程設計院).

Mr. Tian has not held any directorship in any listed company in the last three years.

Mr. Tian does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

### Non-executive Directors

**Mr. Michael John Erickson**, aged 53, is a non-executive Director. He has over 18 years of experience in urban and landscape design, environmental planning, open space planning and feature park design. He has been serving in Earthasia (Shanghai) as managing principal of Beijing office since October 2007, assisting in business development, project coordination and preparation of strategic plan.

Prior to joining our Group, Mr. Erickson has gained experience in landscape design and project management through handling landscape architecture projects under various landscape architecture companies including: (i) EDAW (Shanghai) Consulting Co. Ltd. (Beijing Office) as managing principal (Beijing)/ regional landscape co-leader from July 2004 to September 2007; (ii) EDAW/AECOM Australia Pty Ltd (Brisbane office) <sup>(Note)</sup> as managing principal from 2001 to 2004 and senior associate from 1995 to 2001.

Mr. Erickson obtained his bachelor's degree in Applied Science (Built Environment, Landscape, Urban and Regional Planning) from the Queensland Institute of Technology (currently known as the Queensland University of Technology) in March 1984 and master's degree in Landscape Planning from the University of New South Wales in May 1992. Mr. Erickson has been an associate member of HKILA since May 2009. He has been a Registered Landscape Architect/Urban Designer of the Australian Institute of Landscape Architects since June 2012.

Mr. Erickson has not held any directorships in any listed public companies in the past three years.

Mr. Erickson does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

*Note:* Since December 2005, EDAW, Inc. was acquired by AECOM Technology Corporation.

**Mr. Ma Lida (馬力達)**, aged 33, is a non-executive Director. He has over seven years of experience in financial management. He has been the deputy general manager and board secretary of Pubang since May 2010 responsible for the general secretarial affairs. From July 2003 to February 2008, he worked as a project manager for the provision of auditing services in various projects in GP Certified Public Accountants Co., Ltd. (廣東正中珠江會計師事務所有限公司), a PRC accounting firm.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Mr. Ma obtained his bachelor's degree in Economics from the School of Public Economics & Administration at Shanghai University of Finance and Economics (上海財經大學公共經濟與管理學院) in July 2003. He further obtained his master's degree in Business Administration from Sun Yat-sen University (中山大學) in June 2010.

Mr. Ma has not held any directorship in any listed company in the last three years.

Mr. Ma does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

**Ms. Huang Yaping (黃嫻萍)**, aged 36, is a non-executive Director. She has over 13 years of experience in landscape architecture industry. Prior to joining our Group, she worked as designer and chief designer of Pubang from January 2000 to December 2005 and vice administrative officer of the design institute of Pubang from January 2005 to December 2008 participating in various landscape architecture projects. Since then, she has become the vice-president of the design institute of Pubang leading in the provision of landscape architecture services. She obtained her bachelor's degree in Architectural Engineering (建築工程) from Chongqing University (重慶大學) in July 2000. She was recognised by Guangzhou Human Affairs Bureau (廣州市人事局) as architectural assistant engineer (建築助理工程師) in September 2001.

Ms. Huang has not held any directorship in any listed company in the last three years.

Ms. Huang does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

### Independent Non-executive Directors

**Ms. Tam Ip Fong Sin (談葉鳳仙)**, aged 47, is an independent non-executive Director. She has over seven years of experience in legal practice specialising corporate and commercial litigation matters. Admitted as a solicitor of Hong Kong in 2004, she served in Hon & Co. (韓潤榮律師樓) as consultant from August 2006 to July 2007 and assistant solicitor from August 2007 to June 2012. She has been the consultant of Chin & Associates (錢志庸律師行) since June 2012.

Ms. Tam obtained her bachelor's degree in Law from the University of Wolverhampton in July 1999. She has also completed her postgraduate certificate in Laws from the University of Hong Kong in September 2002.

Ms. Tam has not held any directorships in any listed public companies in the past three years.

Ms. Tam does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

**Mr. Wong Wang Tai (黃宏泰)**, aged 50, is an independent non-executive Director. He has over 22 years of experience in auditing, finance and accounting field.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Mr. Wong has gained his audit and accounting experience through the following positions in various companies:

Name of company	Principal business activities	Roles	Responsibilities	Period of services
Parker Randall CF (H.K.) CPA Ltd	Accounting and advisory	Director	Responsible for audit cases of private limited companies	From January 2012 to March 2013
C & I CPA Limited	Accounting and advisory	Director	Responsible for overall firm operation in the provision of accounting and advisory services	From August 2002 to September 2008
Fortune Oil Company Limited	Oil and gas exploration and production	Accounting manager	Responsible for all accounting, management reporting and internal control function of group companies	From May 1996 to May 1997
RSM Nelson Wheeler <sup>(Note)</sup>	Accounting and advisory	Audit supervisor of the audit department	Assisting listed company clients to fulfil disclosure requirements, preparation of consolidated accounting records and audit planning	From February 1995 to April 1996
Kwan Wong Tan & Fong BDO	Accounting and advisory	Assistant accountant	Preparation of accounting records, tax computation and statutory audit records	From April 1993 to February 1995
		Junior accountant of the audit department		From February 1992 to March 1993

*Note:* RSM Nelson Wheeler is a member of the RSM Network administered by RSM International Limited, a company registered in England and Wales.

Apart from working in these companies, Mr. Wong has been the sole proprietor in the name of Ivan Wong & Co from April 1995 to February 2004 and from September 2007 to present under which he is responsible for the overall operations and supervision in the provision of accounting and advisory services to his clients.

He obtained his bachelor's degree in business administration from the Hong Kong Baptist College (currently known as Hong Kong Baptist University) in December 1991 and his bachelor's degree in Law from the City University of Hong Kong in November 2007. Mr. Wong has been a qualified accountant of Association of Chartered Certified Accountants since February 1994. He has been a member of the Hong Kong Institute of Certified Public Accountants since June 1994 and fellowship member of The Association of Chartered Certified Accountants since June 1999. He has been elected as a Councilor of Wanchai District Council since 2004. Mr. Wong was awarded a Medal of Honour from the Hong Kong Government in 2011.



---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Mr. Wong has been an independent non-executive Director and chairman of the audit committee, member of the nomination committee and remuneration committee of Natural Dairy (NZ) Holdings Limited, a company listed on the Stock Exchange (stock code: 462) engaging in trading of food and beverage and dairy related products, and manufacturing and sales of beverage and dairy related products, since 28 August 2013. Save as disclosed herein, Mr. Wong has not held any directorships in other listed public companies in the past three years.

Mr. Wong does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

**Mr. Wang Yuncai (王雲才)**, aged 46, is an independent non-executive Director. He has been studying and teaching for architecture and urban planning for over 12 years.

Mr. Wang first undertook and completed his post-doctoral research work (博士後研究工作) in Architecture of Tongji University (同濟大學) from June 2001 to April 2003. Mr. Wang has held various positions under Landscape Studies Department of College of Architecture and Urban Planning in Tongji University (同濟大學建築與城市規劃學院), namely, (i) an associate professor in Landscape Planning and Design from January 2003 to June 2008; (ii) a professor deputy officer in Landscape since July 2008; and (iii) the deputy officer in Landscape since November 2009. He was also a research scholar in the field of landscape architecture at Virginia Polytechnic Institute and State University from January 2010 to June 2010.

Mr. Wang obtained his doctorate's degree in Human Geography (人文地理) from the Institute of Geographic Sciences and Natural Resources Research under Chinese Academy of Science (中國科學院地理科學與資源研究所) in July 2001. He is the author of "Landscape Ecosystem Planning Principles" (景觀生態規劃原理).

Mr. Wang has not held any directorships in any listed public companies in the past three years.

Mr. Wang does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. Immediately following completion of the Global Offering and the Capitalisation Issue, save as the interests in the Shares which are disclosed in the section headed "Substantial Shareholders" in this prospectus, each of our Directors will not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed in the section headed "Relationships with our Controlling Shareholders" in this prospectus, none of our Directors have any interests in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

### SENIOR MANAGEMENT

The table below sets out the residential addresses of each senior management member<sup>1</sup>:

Name	Residential/Business address
Wu Man (吳曼)	4B, No. 7, Lane 999, Changshou Road, Jingan District, Shanghai, China
Chan Chi Hing (陳志卿)	Flat B, 32/F, Hoi Fai Court (Tower 2), South Horizons Phase I, 2 South Horizon Drive, Ap Lei Chau, Hong Kong
Kwok Ka Hei (郭嘉熙)	Flat D, 43/F, Tower 1, 11 Hoi Fan Road, Hampton Place, Mong Kok, Kowloon

*Note:*

1. For the residential addresses of each Director, please refer to the section headed “Directors and parties involved in the Global Offering”.

**Ms. Wu Man (吳曼)**, aged 43, is the chief human resources officer of our Company. She has over 16 years of experience in handling human resources and other general affairs. Ms. Wu joined our Group in March 2005 as the assistant to the general manager of Earthasia (Shanghai). She has also been the administrative director (行政總監) of Earthasia (Shanghai) since April 2011, responsible for formulating and implementing internal and regulatory manuals, reporting and reviewing the financial statements, and handling general and human affairs. Prior to joining our Group, she served in EDAW (Shanghai) Consulting Co. Ltd. (易道(上海)諮詢有限公司) as the office manager from November 2003 to November 2004, responsible for client management, human resources and administrative affairs. Ms. Wu served in Shanghai Vanke Real Estate Co., Limited (上海萬科房地產有限公司) from April 1993 to April 2000 responsible for the financial management.

Ms. Wu was qualified as corporate human resource professional (Grade II) by Shanghai Human Resources and Social Security Bureau in October 2012. She was also qualified as accountant by the PRC Finance Department in May 1997.

Ms. Wu has not held any directorship in any listed company in the last three years.

Ms. Wu does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

**Ms. Chan Chi Hing (陳志卿)**, aged 40, is the company secretary of our Company. Ms. Chan joined our Group in November 2004 as the director and supervisor of Earthasia (Shanghai) until June 2006. She later served in Earthasia (Hong Kong) in February 2005 as associate (finance) responsible for financial management. Ms. Chan possesses a solid background of over 20 years of experience in accounting and corporate finance. Prior to joining our Group, Ms. Chan was the head of finance of JV Company responsible for supervising a team to provide financial support to the office from November 1998 to July 2004. Prior to that, she joined Hok International (Asia/Pacific) Limited as accounts payable clerk from September 1996 to November 1998 responsible for accounts payable function.

She has been a member of the Association of Chartered Certified Accountants (UK) since June 2010, a member of the Hong Kong Institute Certified Public Accountants since May 2010 and an associate of the Taxation Institute of Hong Kong since April 2011. Ms. Chan obtained her bachelor's degree in accounting from the University of Hong Kong in December 2005.

Ms. Chan has not held any directorship in any listed company in the last three years.

Ms. Chan does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

**Mr. Kwok Ka Hei (郭嘉熙)**, aged 32, the chief financial officer of our Company. He has over eight years of experience in corporate finance and accounting profession. He joined our Group in December 2013 as the chief financial officer of Earthasia (Hong Kong). Prior to joining our Group, Mr. Kwok served in GF Capital as the manager in corporate finance from October 2010 to December 2013. Prior to that, he served in KGI Capital Asia Limited as an associate in the investment banking department from December 2007 to October 2010. He also worked in PricewaterhouseCoopers Ltd. as an associate from September 2005 to September 2007 and as senior associate from October 2007 to November 2007. Mr. Kwok obtained his bachelor's degree of Arts with a major in Accountancy from the Hong Kong Polytechnic University in December 2005. He has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since July 2009 and a Financial Risk Manager of Global Association of Risk Professionals since April 2008.

Mr. Kwok has not held any directorships in any listed public companies in the past three years.

Mr. Kwok does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

Except as disclosed, neither of the courses attended by our Directors or senior management was long distance learning courses or online courses.

### COMPANY SECRETARY

Ms. Chan is the company secretary of our Company. Please refer to the paragraph headed "Senior management" in this section for her biography.

---

## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

---

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, we will comply with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules after the Listing.

### **BOARD COMMITTEES**

#### **Audit committee**

We have established an audit committee on 3 June 2014. On 3 June 2014, the audit committee approved the written terms of reference in compliance with the Listing Rules, which will come into effect upon the Listing. The audit committee consists of a non-executive Director and all of the independent non-executive Directors, namely, Mr. Wong Wang Tai, Ms. Tam Ip Fong Sin, Mr. Wang Yuncai and Mr. Ma Lida. Mr. Wong Wang Tai is the chairman of the audit committee. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and the internal control systems of our Group.

#### **Remuneration committee**

We have established a remuneration committee on 3 June 2014. On 3 June 2014, the remuneration and performance assessment committee approved the written terms of reference in compliance with the Listing Rules, which will come into effect upon the Listing. The remuneration committee consists of four members, namely, Mr. Wang Yuncai, Mr. Wong Wang Tai, Ms. Tam Ip Fong Sin, and Mr. Chan Yick Yan Andross. Mr. Wong Wang Tai is the chairman of the remuneration committee. The primary duties of the remuneration committee are to make recommendations to the Board on the remuneration of the Directors and senior management of our Company, determine on behalf of the Board specific remuneration packages and conditions of employment for the Directors and senior management of our Company, and to assess the performance of the Directors and senior management of our Company.

#### **Nomination Committee**

We have established a nomination committee on 3 June 2014. On 3 June 2014, the nomination committee has approved the written terms of reference in compliance with the Listing Rules, which will come into effect upon the Listing. The primary duties of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee consists of three members, namely, Mr. Lau Hing Tat Patrick, Mr. Wang Yuncai, and Ms. Tam Ip Fong Sin. Mr. Lau Hing Tai Patrick is the chairman of the nomination committee.

### **DIRECTORS' COMPENSATION**

For each of the three years ended 31 December 2011, 2012 and 2013, the aggregate amount of fees, salaries, allowances, discretionary payments, bonuses and contribution to pension schemes paid by our Company to the Directors were approximately HK\$1.6 million, HK\$5.2 million and HK\$9.3 million,

---

## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

---

respectively. It is estimated that under the arrangements currently in force, the aggregate compensation payable to the Directors for the year ending 31 December 2014 will be approximately HK\$11.0 million. We have maintained relevant liability insurance for the Directors.

The remuneration paid by our Company to our top five highest paid individuals (excluding the Directors) for each of the three years ended 31 December 2011, 2012 and 2013 were approximately HK\$4.4 million, HK\$3.8 million and HK\$2.9 million, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, the Directors or our five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by our Company to, or receivable by, the Directors, past Directors or our five highest paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company during the Track Record Period.

During the Track Record Period, none of the Directors waived any emoluments. Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to the Directors or our five highest paid individuals during the Track Record Period.

Under the remuneration policy of our Company, the remuneration committee will consider factors, such as salaries paid by comparable companies, tenure, commitment, responsibilities and performance, in assessing the amount of remuneration payable to our Directors, senior management and employees.

### **EMPLOYEES**

As at the Latest Practicable Date, our Group had 483 employees which represented 357 employees in the PRC, 45 employees in Hong Kong, and 81 employees in the Philippines. For details, please refer to the section headed "Business – Employees" in this prospectus.

### **EMPLOYEES' RELATIONS**

We maintain good working relations with our staff. We have not experienced any significant problems with the recruitment and retention of experienced employees. In addition, we have not suffered from any material disruption of our normal business operations as a result of labour disputes or strikes. The remuneration payable to our employees includes salaries, discretionary bonuses and commission.

As required by the employment laws in Hong Kong, our Group participates in a provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all our eligible employees in Hong Kong. We contribute 5% of our employees' relevant income per month as required under the ordinance subject to a maximum of HK\$1,500 per employee (commencing from 1 June 2014). Contributions from us are 100% vested in each employee immediately but, subject to limited exceptions, all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 or ceases employment and the employee declares not to become employed or self-employed within the foreseeable future. We also provide medical insurance and labour insurance for each of our Hong Kong staff.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

In the PRC, in accordance with relevant national and local labour and social welfare laws and regulations, we are required to pay in respect of our employees in the PRC various social insurance including basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, hospital insurance and insurance for maternity leave.

Bonuses are generally discretionary and based on the overall performance of our Group's business. We believe that its employee relations are satisfactory in general. We believe that the management policies, working environment, career prospects and benefits extended to its employees have contributed to employee retention and building of amicable employee relations.

### COMPLIANCE ADVISOR

We have appointed GF Capital as the compliance advisor of our Company pursuant to Rules 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us in the following circumstances:

- Before our publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and share repurchases;
- where we have proposed to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

The compliance advisor, GF Capital, will, in a timely manner, inform our Group of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. GF Capital will also inform our Group of any amendment or supplement to applicable laws and guidelines.

The term of the appointment will commence on the Listing Date and end on the date in compliance with Rule 13.46 of the Listing Rules in respect of the financial results for our first full financial year commencing after the Listing.

---

## SUBSTANTIAL SHAREHOLDERS

---

### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

#### Long position in the Shares

Name of Shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of interests
CYY <i>(Note 1)</i>	Beneficial owner	132,006,887	33.0%
Mr. Chan <i>(Note 1)</i>	Interest in controlled corporation	132,006,887	33.0%
LSBJ <i>(Note 2)</i>	Beneficial owner	66,003,444	16.5%
Mr. Lau <i>(Note 2)</i>	Interest in controlled corporation	66,003,444	16.5%
PBLA <i>(Note 3)</i>	Beneficial owner	101,989,669	25.5%
Pubang (Hong Kong) <i>(Note 3)</i>	Interest in controlled corporation	101,989,669	25.5%
Pubang <i>(Note 3)</i>	Interest in controlled corporation	101,989,669	25.5%
Mr. Tu Shan Zhong <i>(Note 3)</i>	Interest in controlled corporation	101,989,669	25.5%

*Notes:*

1. CYY is 100% beneficially owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the Shares held by CYY under the SFO.
2. LSBJ is 100% beneficially owned by Mr. Lau. Accordingly, Mr. Lau is deemed to be interested in the Shares held by LSBJ under the SFO.
3. PBLA is 100% beneficially owned by Pubang (Hong Kong), which is in turn 100% beneficially owned by Pubang. Mr. Tu Shan Zhong is interested in 34.35% of the equity interest of Pubang. Accordingly, each of Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong is deemed to be interested in the Shares held by PBLA under the SFO.

---

## SHARE CAPITAL

---

The following table is prepared on the basis that the Capitalisation Issue and the Global Offering have become unconditional. This table, however, takes no account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme and of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors as referred to below.

*Authorised share capital:*

<u>780,000,000</u>	Shares of HK\$0.01 each	<u>HK\$7,800,000</u>
--------------------	-------------------------	----------------------

*Shares in issue or to be issued, fully paid or credited as fully paid:*

10,454	Shares in issue at the date of this prospectus	HK\$104.54
299,989,546	Shares to be issued under the Capitalisation Issue <sup>(Note)</sup>	HK\$2,999,895.46
<u>100,000,000</u>	Shares to be issued under the Global Offering <sup>(Note)</sup>	<u>HK\$1,000,000</u>

*Total:*

<u>400,000,000</u>	Shares in total	<u>HK\$4,000,000</u>
--------------------	-----------------	----------------------

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately after completion of the Capitalisation Issue and the Global Offering will be HK\$4,150,000 divided into 415,000,000 Shares.

*Note:* Pursuant to the written resolutions of the Shareholders passed on 3 June 2014, conditional upon the share premium account of our Company being credited as a result of the Global Offering, the Directors were authorised to capitalise the amount of HK\$2,999,895.46 from the amount standing to the credit of the share premium account of our Company and to apply HK\$660,011.44, HK\$1,320,022.87 and HK\$1,019,861.15 to pay up in full at par 66,001,144 Shares, 132,002,287 Shares and 101,986,115 Shares for allotment and issue to LSBJ, CYY and PBLA respectively.

### MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the Listing Rules is 25% of its share capital in issue from time to time.

### RANKING

The Offer Shares, including the additional Shares which may be issued pursuant to the Over-allotment Option, will rank pari passu in all respects with all Shares in issue or to be issued as mentioned herein, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements under the Capitalisation Issue.



---

## SHARE CAPITAL

---

### SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Details of the principal terms are summarised in the section headed “Share Option Scheme” in Appendix IV to this prospectus.

### GENERAL MANDATE

Our Directors have been granted a general unconditional mandate to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of any options which might be granted under the Share Option Scheme or any other option scheme(s) or other similar arrangements or under the Global Offering or any scrip dividends in accordance with the Articles or a specific authority granted by the Shareholders, Shares or securities or options convertible into Shares and to make and grant offers and agreements which would or might require Shares to be allotted with an aggregate nominal value not exceeding the sum of:

- 20% of the aggregate nominal value of our share capital in issue as enlarged by the Global Offering and the Capitalisation Issue (excluding Shares which may be issued under the Over-allotment Option or pursuant to the exercise of options under the Share Option Scheme); and
- the aggregate nominal amount of our share capital repurchased under the authority granted by us to our Directors pursuant to the Repurchase Mandate referred to below (if any).

This general mandate will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by the Memorandum and the Articles or any applicable law to be held; or
- the revocation or variation by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the section headed “Further information about our Company – Written resolutions of the Shareholders” in Appendix IV to this prospectus.

### REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of our share capital in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be issued under the Over-allotment Option or pursuant to the exercise of options under the Share Option Scheme).

---

## SHARE CAPITAL

---

The general mandate to repurchase Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by the Memorandum and the Articles or any applicable law to be held; or
- the revocation or variation by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this repurchase mandate, please refer to the section headed “Further Information about our Company – Written resolutions of the Shareholders” in Appendix IV to this prospectus.

### **Circumstances under which general meeting and class meeting are required**

The circumstances under which general meeting and class meeting are required are provided in the Articles of Association. For details, please see the section headed “Summary of the constitution of our Company and the Cayman Islands Company Law” in Appendix III to this prospectus.

---

## FINANCIAL INFORMATION

---

*You should read the following discussion and analysis of our Group's financial condition and results of operations together with our consolidated financial statements as at and for each of the three years ended 31 December 2011, 2012 and 2013 and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with IFRSs. Potential investors should read the whole of the Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk factors" in this prospectus.*

### OVERVIEW

We are a landscape architecture service provider predominantly in the PRC and Hong Kong. We provide landscape architecture services to more than 600 clients including governments, public bodies, property developers, town planning companies, architecture companies, and engineering companies in the PRC and Hong Kong. Our services cover four major types of projects, namely, tourism and hotels projects, infrastructure and public spaces projects, commercial and mixed-use development projects, and residential development projects. Depending on our clients' needs and requests, we provide to our clients services throughout the major stages of a landscape architecture project over concept design, schematic design, design development, construction documentation, and construction inspection and review.

Our operating history can be traced back to 1981 when our operating subsidiary, Earthasia (Hong Kong), was incorporated in 1981 and acquired by our Group in August in 2012 as a step of the Reorganisation. We have further expanded our business operation through our operating subsidiary, Earthasia (Shanghai) established in 2004. Our Directors see potentials in the PRC landscape architecture service industry and they believe that through professional and quality services, we can maintain and further establish our business image and reputation and capture more business opportunities. During the Track Record Period, we recorded approximately HK\$179.2 million, HK\$172.4 million and HK\$217.0 million of revenue for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Among which 100%, approximately 96.1% and 91.3% of revenue were derived from our projects in the PRC.

### BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Pursuant to the Reorganisation as more fully explained in the section headed "History and corporate structure – Our corporate structure – Reorganisation" in this prospectus, our Company incorporated Earthasia (BVI) on 27 November 2013, which further acquired the entire issued share capital of Earthasia (International) on 2 December 2013, the holding company of then companies now comprising our Group, in consideration and in exchange for the allotment and issue of 3,000 Shares and 2,000 Shares credited as fully paid by our Company to CYY and LSBJ, respectively.

As the Reorganisation mainly involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the financial information for the Track Record Period has been presented as a continuation of the existing company using the pooling of interest method. Pursuant to the Reorganisation, our Company and Earthasia (BVI) were incorporated and interspersed between Earthasia (International) and its then shareholders and became the holding company of

---

## FINANCIAL INFORMATION

---

Earthasia (International) and its then subsidiaries. Accordingly, the financial information has been prepared by applying the principles of pooling of interest as if the Reorganisation had been completed at the beginning of the Track Record Period, except for Earthasia (Hong Kong) and Earthasia (Manila). Prior to the acquisition of Earthasia (International) by Earthasia (BVI) on 2 December 2013, the shareholding of Earthasia (International) was held as to 35%, 15% and 50% by Mr. Chan, Mr. Lau and EYT, respectively; EYT was held as to 50% and 50% by Mr. Chan and Mr. Lau, respectively. From the accounting perspective, neither Mr. Chan nor Mr. Lau had unilateral control over EYT, the operating and financial decisions of EYT and hence Earthasia (International) had to be jointly agreed by Mr. Chan and Mr. Lau even though Mr. Chan has an effective interest of 60% in Earthasia (International). On the other hand, prior to the acquisitions by Earthasia (International), Earthasia (Hong Kong) was held as to 40% and 60% by Mr. Chan and Mr. Lau, respectively and therefore Mr. Lau had unilateral control over Earthasia (Hong Kong), whereas Earthasia (Manila) was held as to 49.99% and 49.98% by Mr. Chan and Mr. Lau, respectively and neither Mr. Chan nor Mr. Lau had unilateral control over Earthasia (Manila). Due to different controlling shareholding structures in Earthasia (International), Earthasia (Hong Kong) and Earthasia (Manila) before and after the reorganisation, our Company has adopted the acquisition method to account for these acquisitions.

All intra-group transactions and balances have been eliminated on consolidation.

As a step of the Reorganisation, we acquired Earthasia (Hong Kong) in August 2012. For financial information of Earthasia (Hong Kong) before our acquisition, please refer to note 27 to the Accountants' Report included in Appendix I to this prospectus.

The financial information has been prepared in accordance with the IFRSs and the Companies (Winding Up and Miscellaneous Provisions) Ordinance. All IFRSs effective for accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the financial information throughout the Track Record Period. They have been prepared under the historical cost convention. The financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

### **FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

#### **The level of investment in residential, commercial and mixed-use developments**

A significant portion of our revenue was derived from our landscape architecture services in respect of residential, commercial and mixed-use developments, which in total accounted for approximately 77.5%, 74.6% and 76.2% of our revenue for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Our business therefore depends to a certain extent on the level of investment in residential, commercial and mixed-use developments. In the event that the expenditures on landscape architecture are substantially reduced in residential, commercial and mixed-use developments as a result of economic downturn, our business, financial condition and results of operation, our profitability and future growth in revenue may be adversely affected.

---

## FINANCIAL INFORMATION

---

### **Ability of our Group to retain major clients**

Our Group derived a significant portion of our revenue from the provision of services to a number of major clients in the PRC and Hong Kong. For each of the three years ended 31 December 2011, 2012 and 2013, our Group's revenue from the provision of the landscape architecture services to our five largest clients accounted for approximately 18.5%, 15.5% and 18.4%, respectively, of our Group's total revenue.

Notwithstanding our effort in marketing and promotion, there is no assurance that our Group would be able to maintain business relationships with these clients. In the event that our Group fails to retain these clients, our business and profitability may be adversely affected.

### **Pricing of our projects**

The price of our projects is generally based on our estimated project costs plus a mark-up margin. We have to strike a balance between pricing our projects competitively and maintaining adequate profit margin. Pricing is particularly important since once the contract price is fixed, we will have to bear any possible cost increment due to inflation and salary increment of our staffing. Also, in relation to some of strategic projects that we wish to undertake to enhance our corporate profile, we may submit a more competitive tender price with a lower profit margin. In case of strategic projects and inflations, the lower profit margin may pose adverse effect on our profitability.

### **Fluctuations in our staff costs**

The main component of our cost of sales is labour costs, which mainly represented staff costs. For each of the three years ended 31 December 2011, 2012 and 2013, our direct labour costs amounted to approximately HK\$50.9 million, HK\$55.8 million and HK\$65.4 million, respectively, and accounted for approximately 62.9%, 63.3% and 66.9% of our cost of sales, respectively. As a result, our profitability heavily depends on our ability to control and manage our staff cost. In addition, our contract price is based on our estimated project costs (which mainly include the staff costs) plus a mark-up margin at the time when we submit our tender for projects or our initial proposals to our potential clients but the actual staff costs will not be determined until after we have entered into agreements with our clients and the actual delivery of our landscape architecture services. Any fluctuations in the staff costs during this period will affect our profitability.

### **Progress to complete projects according to specifications, quality standards, safety measures or time frame**

Our projects must be completed in accordance with our clients' specifications, quality standards, safety measures and the time frame. Failure to comply with any of these requirements may not only tarnish our reputation but also drag down our revenue and profitability. With our commitment to excellence, we will continue to give full effort to ensure our current and future projects are completed in accordance with all the requirements.

---

## FINANCIAL INFORMATION

---

### **Change in overall global economic conditions, in particular the PRC**

Our revenue is mainly derived from our projects in the PRC. During the Track Record Period, we derived approximately 100%, 96.1% and 91.3% of our revenue for each of the three years ended 31 December 2011, 2012 and 2013 from our projects in the PRC, respectively. To the best knowledge of our Directors, the overall deteriorating economic conditions, in particular in the PRC, may affect the investment in (i) properties; (ii) infrastructure and public open spaces; and (iii) tourism and hotels. As such, these factors may affect our profitability and revenue growth. If the economic downturn and the weak economic sentiment continue, our business, financial condition and results of operations may be adversely affected.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set forth in details in note 2.3 to the Accountants' Report included in Appendix I to this prospectus. Our financial conditions and results of operations are sensitive to accounting methods and assumptions and estimates that underline the preparation of the financial statements. We continually evaluate our estimates and assumptions and base them on historical experience and on various other factors that we currently believe to be reasonable under the circumstances, the results of which form the basis for making judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our estimates and underlying assumptions, which are set forth in details in note 2.4 to the Accountants' Report, are reviewed by our management on an on-going basis. We have not experienced any material deviation between our management's estimates and actual results and have not changed these estimates during the Track Record Period. Our management does not expect any likely changes in these estimates in the foreseeable future.

We believe that the following critical accounting policies and accounting estimates involve the most significant or subjective judgment and estimates used in the preparation of the financial information.

#### **Contracts for services**

Our contract revenue on the rendering of services represents the contract sum. Costs of rendering services comprise labour and other costs of our staff who is directly engaged in providing the landscape architecture services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the project, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is determined by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by our management.

---

## FINANCIAL INFORMATION

---

Where costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

### **Percentage of completion of rendering of service**

Our Group recognises revenue according to the aforementioned principal by referencing to percentage of completion of individual service contract, which requires estimation to be made by our management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the recognition of the corresponding contract revenue is also estimated by our management. Due to the nature of the activity undertaken in landscape architecture contract, the date at which the activity begins and the date at which the activity is completed usually fall into different accounting periods. Our Group is therefore required to review and revise the estimates of both revenue and costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

### **Estimation of total budgeted costs and cost to completion for service contracts**

Total budgeted costs for service contracts comprise (i) direct labour; (ii) costs of sub-consultants, modelling and rendering; and (iii) travelling, printing and other costs that can reasonably be accounted for. In estimating the total budgeted costs for service contracts, our management makes reference to information such as (i) duration of the projects; (ii) current offers from sub-consultants and suppliers; (iii) recent offers agreed with sub-contractors and suppliers.

### **Income tax**

Our income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Earthasia (Shanghai) is a qualified foreign investment entity registered in Pudong New Area District of Shanghai City of the PRC which entitled a preferential income tax rate of 15% from 2008 to 2012. Upon the enactment of the new corporate income laws in 2007, its income tax was progressively increased from 18% in 2008 to 25% in 2012. The income tax rate applicable to Earthasia (Shanghai) was 24%, 25% and 25 % for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Save as the above, our Group has not been/is not subject to any preferential tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

---

## FINANCIAL INFORMATION

---

### **Provision for impairment of trade and other receivables**

Our provision policy for impairment of trade and other receivables is based on ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and our management's judgment. A considerable amount of judgment is required in assessing various factors, mainly including the credit-worthiness, background of and terms of relationship with the client, payment history of the client and whether there is on-going project with such client so as to determine the ultimate realisation of those receivables. If the financial conditions of our clients were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required. We will examine the trade and other receivables due from a particular client for a project if the project has the indications for impairment, such as ageing longer than six months or overdue by reference to the contract term, settlement lagging behind the agreed terms or having dispute in working progress and quality. Provision for impairment will be made if our management, after assessing various factors, is of the view that it is mostly unlikely to collect the receivables due from such particular client. We do not make any provision on trade receivables on a general basis. Our Directors are of the view that adequate provision has been made during the Track Record Period as we have made specific provision for particular customers on a case-by-case basis.

### **RESULTS OF OPERATIONS**

The following table sets out the consolidated results of our Group for each of the three years ended 31 December 2011, 2012 and 2013, which are derived from, and should be read in conjunction with, the consolidated financial information set out in the Accountants' Report set out in Appendix I to this prospectus.



---

## FINANCIAL INFORMATION

---

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>	179,232	172,405	217,048
Cost of sales	<u>(80,981)</u>	<u>(88,036)</u>	<u>(97,790)</u>
<b>GROSS PROFIT</b>	98,251	84,369	119,258
Other income and gains	1,267	8,752	6,143
Selling and marketing expenses	(6,357)	(4,912)	(6,007)
Administrative expenses	(41,505)	(48,527)	(62,736)
Finance costs	(52)	(507)	(57)
Other expenses	<u>(3,653)</u>	<u>(4,297)</u>	<u>(2,387)</u>
<b>PROFIT BEFORE TAX</b>	47,951	34,878	54,214
Income tax expense	<u>(13,632)</u>	<u>(8,934)</u>	<u>(16,446)</u>
<b>PROFIT FOR THE YEAR</b>	<u><u>34,319</u></u>	<u><u>25,944</u></u>	<u><u>37,768</u></u>
Attributable to:			
Owners of the parent	34,319	25,944	37,893
Non-controlling interests	<u>–</u>	<u>–</u>	<u>(125)</u>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	<u>2,358</u>	<u>(24)</u>	<u>1,505</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>36,677</u></u>	<u><u>25,920</u></u>	<u><u>39,273</u></u>
Attributable to:			
Owners of the parent	36,677	25,920	39,400
Non-controlling interests	<u>–</u>	<u>–</u>	<u>(127)</u>

## FINANCIAL INFORMATION

### Revenue

Our revenue was principally generated from the provision of landscape architecture services in the PRC and Hong Kong.

Our landscape architecture projects can be categorised into four types: (i) residential development projects; (ii) commercial and mixed-use development projects; (iii) infrastructure and public open spaces projects; and (iv) tourism and hotels projects. Our revenue decreased by approximately HK\$6.8 million or 3.8% from approximately HK\$179.2 million for the year ended 31 December 2011 to approximately HK\$172.4 million for the year ended 31 December 2012. Such decrease was mainly due to our customers being more price conscious resulting in a decrease in average contract sum for new contracts we entered into in 2012 and as a result of policies implemented to curtail the residential property price in the PRC in previous years; whereas our revenue for the year ended 31 December 2013 increased by approximately HK\$44.6 million or 25.9% to approximately HK\$217.0 million due to (i) the improved market condition in 2013 and the support of a government greening policy that was implemented in late 2012; (ii) increase in average contract sum for new contracts we entered into in 2013; and (iii) acquisition of Earthasia (Hong Kong) in August 2012 contributing additional revenue to our total revenue.

Our revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business, net of discounts and related taxes. Revenue from our contract is recognised based on the percentage of completion method, measured based on the proportion that costs incurred for services performed to date relative to the estimated total contract costs during the contract period.

The following table sets out the breakdown of our revenue by geographical locations of the projects undertaken (completed or yet to be completed) during the Track Record Period:

	For the year ended 31 December								
	2011			2012			2013		
	Number of projects undertaken <i>(Note 1)</i>	HK\$'000	%	Number of projects undertaken <i>(Note 1)</i>	HK\$'000	%	Number of projects undertaken <i>(Note 1)</i>	HK\$'000	%
PRC	537	179,232	100.0	570	165,696	96.1	580	198,155	91.3
Hong Kong	-	-	-	56	4,910	2.9	73	15,562	7.2
Others <i>(Note 2)</i>	-	-	-	3	1,799	1.0	3	3,331	1.5
<b>Total:</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

## FINANCIAL INFORMATION

*Notes:*

1. The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 813, 83 and 5 projects undertaken by us in respect of each location of projects in the PRC, Hong Kong and others, respectively, constituting 901 projects in total.
2. During the Track Record Period, other than the PRC and Hong Kong, we had undertaken landscape architecture projects located in Macau and the Philippines only.

Our operation has been focusing on the PRC market during the Track Record Period. We derived our revenue from 537, 570 and 580 projects located in the PRC for each of the three years ended 31 December 2011, 2012 and 2013, respectively, of approximately HK\$179.2 million, HK\$165.7 million and HK\$198.2 million, representing 100%, 96.1% and 91.3% of our total revenue for the respective years. The fluctuations in revenue derived from the PRC projects throughout the Track Record Period was mainly attributed to the same reasons causing the fluctuations in revenue for the respective years.

Since our Group acquired Earthasia (Hong Kong) in August 2012, we began to generate revenue from projects located in Hong Kong and other jurisdictions. Our revenue derived from projects located in Hong Kong were approximately nil, HK\$4.9 million and HK\$15.6 million for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

While our source of revenue was primarily derived from the projects located in the PRC and to certain extent from the projects located in Hong Kong, we undertook four projects located in Macau and one project located in the Philippines during the Track Record Period. We do not intend to expand our business operation actively outside China or Hong Kong, but we will welcome and evaluate any opportunities that come up from time to time.

The following table sets out the breakdown of our revenue by types of projects during the Track Record Period:

	For the year ended 31 December								
	2011			2012			2013		
Number of projects undertaken <i>(Note)</i>	<i>HK\$'000</i>	%	Number of projects undertaken <i>(Note)</i>	<i>HK\$'000</i>	%	Number of projects undertaken <i>(Note)</i>	<i>HK\$'000</i>	%	
Residential development projects	305	101,926	56.9	321	84,485	49.0	338	108,786	50.1
Commercial and mixed-use development projects	115	36,965	20.6	155	44,136	25.6	163	56,540	26.1
Infrastructure and public open spaces projects	81	30,006	16.7	111	28,119	16.3	109	29,340	13.5
Tourism and hotels projects	36	10,335	5.8	42	15,665	9.1	46	22,382	10.3
<b>Total</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

---

## FINANCIAL INFORMATION

---

*Note:* The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 456, 206, 175 and 64 projects undertaken by us in respect of each type of projects, namely, (i) residential development projects, (ii) commercial and mixed-use development projects, (iii) infrastructure and public open spaces projects, and (iv) tourism and hotels projects, respectively, constituting 901 projects in total.

We derived a substantial portion of our revenue from our landscape architecture services rendered to residential development projects during the Track Record Period, accounting for approximately 56.9%, 49.0% and 50.1% of our total revenue for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Such amount was derived from 305, 321 and 338 residential development projects for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

Our revenue derived from our commercial and mixed-use development projects accounted for approximately 20.6%, 25.6% and 26.1% of our total revenue for each of three years ended 31 December 2013 respectively. Such amount was derived from 115, 155 and 163 commercial and mixed-use development projects for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

Our revenue derived from our infrastructure and public open spaces projects accounted for approximately 16.7%, 16.3% and 13.5% of our total revenue for each of the three years ended 31 December 2011, 2012 and 2013 respectively. Such amount was derived from 81, 111 and 109 infrastructure and public open spaces projects for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The amount of revenue derived from the infrastructure and public open spaces projects remained rather stable throughout the Track Record Period and its proportion to our revenue dropped from approximately 16.3% for the year ended 31 December 2012 to 13.5% for the year ended 31 December 2013 primarily due to the increase in overall revenue for the year ended 31 December 2013.

The proportion of our revenue derived from our tourism and hotels project had an increasing trend throughout the Track Record Period. It accounted for approximately 5.8%, 9.1% and 10.3% of our total revenue for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Such amount was derived from 36, 42 and 46 tourism and hotels projects for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

Going forward, we expect that a large proportion of our revenue will continue to be derived from residential development projects and commercial and mixed-use development projects.

---

## FINANCIAL INFORMATION

---

The following table sets out the breakdown of our revenue by types of clients during the Track Record Period:

	Total number		For the year ended 31 December							
	of clients	Number of	2011		2012		2013			
	attributable to	projects	Number of	Number of	Number of	Number of	Number of	Number of	Number of	Number of
our revenue	undertaken	HK\$'000	%	undertaken	HK\$'000	%	undertaken	HK\$'000	%	undertaken
(Note 1)	(Note 2)			(Note 2)			(Note 2)			(Note 2)
Governments and public bodies (Note 3)	60	48	19,260	10.7	52	17,856	10.4	45	13,530	6.2
Property developers (Note 4)	515	479	158,180	88.3	537	150,365	87.2	565	191,034	88.0
Others (Note 5)	48	10	1,792	1.0	40	4,184	2.4	46	12,484	5.8
<b>Total:</b>	<b>623</b>	<b>537</b>	<b>179,232</b>	<b>100.0</b>	<b>629</b>	<b>172,405</b>	<b>100.0</b>	<b>656</b>	<b>217,048</b>	<b>100.0</b>

*Notes:*

- The clients above are categorised by groups and a client may include its subsidiaries and holding companies.
- The number of projects undertaken by us for each of the respective period, among which some of them may span over one year. During the Track Record Period, there were 81, 757 and 63 projects undertaken by us in respect of each type of clients, namely, (i) governments and public bodies, (ii) property developers, and (iii) others, respectively, constituting 901 projects in total.
- Governments and public bodies include, without limitation, the local authorities and governmental institutional bodies.
- Property developers include (i) private and state-owned property developers in the PRC; and (ii) private property developers in Hong Kong.
- During the Track Record Period, we were also engaged by private and public construction companies, town planning companies, architecture companies, and engineering companies, etc. to provide landscape architecture services.

The proportion of our revenue attributed by each client type remained stable during the Track Record Period. We expect that property developers will continue to be our main source of revenue in near future.

---

## FINANCIAL INFORMATION

---

### Cost of sales

Our Group's cost of sales primarily consisted of direct labour cost, sub-consultant, modelling and rendering costs as well as travelling and printing expenses. The following table sets out the breakdown of our Group's cost of sales during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Direct labour	50,916	62.9	55,761	63.3	65,417	66.9
Sub-consultant, modelling and rendering	22,598	27.9	24,190	27.5	20,140	20.6
Travelling	5,318	6.6	4,399	5.0	5,393	5.5
Printing	1,349	1.7	1,322	1.5	1,811	1.9
Others	800	0.9	2,364	2.7	5,029	5.1
<b>Total</b>	<b>80,981</b>	<b>100.0</b>	<b>88,036</b>	<b>100.0</b>	<b>97,790</b>	<b>100.0</b>

### *Direct labour costs*

Direct labour costs represented the labour costs incurred by our project teams in the provision of our landscape architecture services and it was our Group's major cost component during the Track Record Period. Direct labour costs accounted for approximately 62.9%, 63.3% and 66.9% for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

### *Sub-consultant, modelling and rendering costs*

Subject to the needs of our clients and the project specifications, we may engage sub-consultants with particular professional qualification to complete certain specialised design under our architecture services. For details, please refer to the section headed "Business – Suppliers" in this prospectus.

In certain circumstances, we may need to present our landscape architecture concept to our clients and to facilitate the process, we engage modelling firms to undertake the task. The relevant cost we paid to third parties for our sub-consultants, modelling and rendering accounted for approximately HK\$22.6 million, HK\$24.2 million and HK\$20.1 million, representing approximately 27.9%, 27.5% and 20.6% of our total costs of sales for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

### *Travelling and printing costs*

Travelling costs represented project-related expenses on air tickets, transportation and lodging as the nature of our work requires frequent travelling by our project teams. It accounted for approximately HK\$5.3 million, HK\$4.4 million and HK\$5.4 million, representing approximately 6.6%, 5.0% and 5.5% of our total costs of sales for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

---

## FINANCIAL INFORMATION

---

Printing costs represented the cost we spent on project-related printing as we often have to print our designs such as layout plans, illustrative plans and other design drawing documents to our customers. It accounted for approximately HK\$1.3 million, HK\$1.3 million and HK\$1.8 million, representing approximately 1.7%, 1.5% and 1.9% of our total costs of sales for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

### *Others*

Others attributable to approximately 0.9%, 2.7% and 5.1% of our total cost of sales for each of the three years ended 31 December 2011, 2012 and 2013, respectively, mainly represented other direct costs for the provision of the landscape architecture services including telephone bills and miscellaneous costs.

### **Gross profit and gross profit margin**

Our gross profit decreased by approximately HK\$13.9 million or 14.1% from approximately HK\$98.3 million for the year ended 31 December 2011 to approximately HK\$84.4 million for the year ended 31 December 2012, and increased by approximately HK\$34.9 million or 41.4% from approximately HK\$84.4 million for the year ended 31 December 2012 to approximately HK\$119.3 million for the year ended 31 December 2013.

Our gross profit margins were approximately 54.8%, 48.9% and 54.9% for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The decrease in gross profit margin for the year ended 31 December 2012 was mainly due to (i) an increase in time cost of direct labour attributable to an overall increase in salary level in 2012 as compared to 2011 and (ii) our customers being more price conscious resulting in a decrease in average contract sum for new contracts we entered into in 2012. The increase in gross profit margin for the year ended 31 December 2013 was mainly attributable to the increase in number of projects we secured with more favourable prices and the rate of our salary increment in 2013 was lower than in 2012.

---

## FINANCIAL INFORMATION

---

### Other income and gains

The following table sets out the breakdown of our other income and gains during the Track Record Period:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other income</b>			
Service income	58	–	2,686
Government grant	97	228	2,525
Interest income	<u>1,034</u>	<u>306</u>	<u>146</u>
	<u>1,189</u>	<u>534</u>	<u>5,357</u>
<b>Gains</b>			
Gain on bargain purchase	–	7,930	–
Foreign exchange gain	–	26	197
Gain on disposal of items of property and equipment	78	–	–
Others	<u>–</u>	<u>262</u>	<u>589</u>
	<u>78</u>	<u>8,218</u>	<u>786</u>
	<u><u>1,267</u></u>	<u><u>8,752</u></u>	<u><u>6,143</u></u>

Service income represented the compensation we received from tendering projects in excess of the costs incurred by us under which a gain was recorded under service income.

Government grant represented the (i) government subsidy granted to us as an incentive for registering an office in a particular district in Shanghai and (ii) allowances granted by the PRC tax bureau in respect of the amount we withheld for the government on individual income tax.

Interest income represented interests we received from our bank deposits and interest income from our investment in financial products. In 2011, we recorded interest income of approximately HK\$1.0 million, among which approximately HK\$0.9 million arose from our investment in high-yield bank products.

Gains on bargain purchase represented the gain we recognised in 2012 when the consideration we paid for our acquisition of Earthasia (Hong Kong) was lower than the fair value of the net assets acquired. Such bargain purchase gain arose because (i) Earthasia (Hong Kong) achieved a profit of approximately HK\$5.0 million during the period from 1 January 2012, being the date the acquisition consideration paid by Earthasia (Shanghai) was made reference to, to 28 August 2012, being the date MOFCOM approved the transaction and the acquisition date for reorganisation purpose; and (ii) difference in the basis of valuation between the first valuation, when the valuer made reference to the audited net asset value of Earthasia (Hong



---

## FINANCIAL INFORMATION

---

Kong) under the local PRC accounting principles (which was requested by MOFCOM) as at 31 December 2011, and the second valuation, when the valuer made reference to the audited net asset value of Earthasia (Hong Kong) under IFRS (for financial reporting purpose) as at 31 August 2012. Since the acquisition of Earthasia (Hong Kong), a net loss of approximately HK\$0.04 million was contributed to our Group for the four months starting from 1 September 2012 to 31 December 2012 and a net profit of approximately HK\$1.6 million was contributed to our Group for the year ended 31 December 2013. Exchange gain arose due to the difference in exchange rate between the rate we set when we billed the clients who have entered into RMB denominated contracts with us and the subsisting exchange rate when we received payment from our clients. We also recorded a gain of approximately HK\$0.08 million for the year ended 31 December 2011 from the disposal of our office equipment when we moved office during the year. Other gain mainly represented write-off of trade payables due to liquidation of two of our suppliers.

### Selling and marketing expenses

The following table sets out the breakdown of our selling and marketing expenses during the Track Record Period:

	For the year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Salaries and relevant						
social benefits	1,155	18.2	3,199	65.1	2,879	48.0
Travelling expenses	421	6.6	678	13.8	1,377	22.9
Marketing and promotion	4,501	70.8	326	6.6	357	5.9
Office supplies	268	4.2	480	9.8	835	14.0
Others	12	0.2	229	4.7	559	9.2
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Total</b>	<b><u>6,357</u></b>	<b><u>100.0</u></b>	<b><u>4,912</u></b>	<b><u>100.0</u></b>	<b><u>6,007</u></b>	<b><u>100.0</u></b>

Salaries and relevant social benefits expenses mainly represented salaries for staff responsible for selling and marketing, their related social security and housing fund had become our major elements of selling and marketing expenses since 2012. They accounted for approximately HK\$1.2 million, HK\$3.2 million and HK\$2.9 million, representing approximately 18.2%, 65.1% and 48.0% of our total selling and marketing expenses for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Marketing and promotion expenses represented the fee we paid to marketing firms for advertising and promotion purposes. The proportion of marketing and promotion to our total selling and marketing expenses has, on the other hand, been decreasing since 2012. They accounted for approximately HK\$4.5 million, HK\$0.3 million and HK\$0.4 million, representing approximately 70.8%, 6.6% and 5.9% of our total selling and marketing expenses. The above-mentioned changes in proportion were mainly due to the establishment of our own marketing team in 2012 and since then we decreased our outsourcing of marketing work to the marketing firms.

---

## FINANCIAL INFORMATION

---

Travelling expenses represented the expenses we spent on air tickets, transportation and lodging for selling and marketing. It accounted for approximately HK\$0.4 million, HK\$0.7 million and HK\$1.4 million, representing approximately 6.6%, 13.8% and 22.9% of our total selling and marketing for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The increase was mainly due to increase in selling and marketing efforts by our staff.

### Administrative expenses

Our administrative expenses mainly comprised staff costs and other office expenses. The following table sets out the breakdown of our administrative expenses during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Staff costs	17,677	42.6	22,780	46.9	28,665	45.7
Rental expenses	7,549	18.2	8,832	18.2	13,873	22.1
Depreciation	2,472	6.0	3,034	6.3	3,635	5.8
Travelling	3,600	8.7	2,055	4.2	2,081	3.3
Professional fee	686	1.7	1,495	3.1	838	1.3
Utility expenses	412	0.9	514	1.1	612	1.0
Others	9,109	21.9	9,817	20.2	13,032	20.8
<b>Total</b>	<u>41,505</u>	<u>100.0</u>	<u>48,527</u>	<u>100.0</u>	<u>62,736</u>	<u>100.0</u>

Staff costs under the administrative expense mainly represented the salary and staff benefits to our management, our administrative staff, and our project teams when they undertook administrative work. It amounted to approximately HK\$17.7 million, HK\$22.8 million and HK\$28.7 million representing approximately 42.6%, 46.9% and 45.7% of our total administrative expenses for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

Rental expenses represented the office rental expenses for our offices and branches in the PRC and Hong Kong. It amounted to approximately HK\$7.5 million, HK\$8.8 million and HK\$13.9 million, representing approximately 18.2%, 18.2% and 22.1% of our total administrative expenses for each of the three years ended 31 December 2011, 2012 and 2013, respectively.

---

## FINANCIAL INFORMATION

---

Our other administrative expenses mainly represented miscellaneous expenses including expenses for Listing, maintenance and office supplies, amounted to approximately HK\$9.1 million, HK\$9.8 million and HK\$13.0 million which accounted for approximately 21.9%, 20.2% and 20.8% to our total administrative expenses for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The following table sets out the breakdown of our others administrative expenses during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>Percentage of administrative expenses</i>	<i>HK\$'000</i>	<i>Percentage of administrative expenses</i>	<i>HK\$'000</i>	<i>Percentage of administrative expenses</i>
Office supplies	2,844	6.9	3,051	6.3	2,482	4.0
Telecom & IDD	1,170	2.8	1,259	2.6	1,681	2.7
Entertainment	205	0.5	745	1.6	476	0.8
Training expenses	911	2.2	1,087	2.2	720	1.1
Information technology	2,046	4.9	1,318	2.7	791	1.3
Insurance	815	2.0	882	1.8	1,157	1.8
Taxes and surcharges	466	1.1	605	1.2	658	1.0
Listing expenses	–	–	–	–	3,716	5.9
Others	652	1.5	870	1.8	1,351	2.2
<b>Total</b>	<b>9,109</b>	<b>21.9</b>	<b>9,817</b>	<b>20.2</b>	<b>13,032</b>	<b>20.8</b>

The increase in the amount of others administrative expenses by approximately HK\$3.2 million for 2013 as compared to 2012 was mainly due to the Listing expenses incurred of approximately HK\$3.7 million in 2013.

### Finance costs

During the Track Record Period, other than a car loan, we did not have any bank loans to finance our operations. Our finance costs represented interest expense on a car loan for the three years ended 31 December 2013 and interest payable due to our receipt of the earnest money from potential investors in 2012, who invested in Earthasia (Shanghai) for commercial reasons. We at first intended to list our Group on a stock exchange in the PRC. However, given the application backlog of the A-share listing back then, we suspended the listing plan on the stock exchange in the PRC and no listing application has been submitted to any stock exchange in the PRC. Anticipating the uncertainty in the listing timetable, the investors and we mutually agreed to terminate the investment before the commencement of any due diligence exercise. We then settled the amounts along with the interest accrued in 2012. To the best knowledge of our Directors, no particular concern including but not limited to the accuracy of the financial information of Earthasia (Shanghai), had been raised by these investors.

---

## FINANCIAL INFORMATION

---

### Other expenses

Our other expenses mainly comprised provision for impairment of trade receivables. The following table sets out the breakdown of our other expenses during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Provision for impairment of trade receivables	2,308	63.2	3,103	72.2	1,991	83.4
Loss contract	789	21.6	379	8.8	19	0.8
Others	<u>556</u>	<u>15.2</u>	<u>815</u>	<u>19.0</u>	<u>377</u>	<u>15.8</u>
<b>Total</b>	<b><u>3,653</u></b>	<b><u>100.0</u></b>	<b><u>4,297</u></b>	<b><u>100.0</u></b>	<b><u>2,387</u></b>	<b><u>100.0</u></b>

Our provision for impairment of trade receivables is recognised when there is objective evidence that we will not receive all cash flow due according to the original amounts of the trade receivables; whereas we recorded expenses for loss contract when the cost incurred for a project is more than the sum stipulated in a contract. Others mainly represented miscellaneous expenses incurred such as expenses for our project tendering and losses on disposal of plant, property and equipment.

### Income tax expense

Our income tax expenses represented our total current and deferred tax expenses. Our effective tax rate, representing income tax divided by profit before tax, was approximately 28.4%, 25.6% and 30.3%, respectively, for each of the three years ended 31 December 2011, 2012 and 2013. The decrease in the effective tax rate from approximately 28.4% for the year ended 31 December 2011 to approximately 25.6% for the year ended 31 December 2012 was mainly attributable to our recognition of income not subject to tax of approximately HK\$7.9 million due to the gain on bargain purchase arising from our acquisition of Earthasia (Hong Kong) in 2012. Excluding the effect from this one-off gain not subject to tax, our effective tax rate for the year ended 31 December 2012 was approximately 33.2%. Such increase was attributable to (i) Earthasia (Shanghai) was subject to a lower income tax rate at 24% in 2011 (For details, please refer to note 9 of the Accountants' Report as set forth in Appendix I in this prospectus); and (ii) our expense not deductible for tax increased from approximately HK\$0.4 million in 2011 to approximately HK\$0.8 million mainly because we had made payment of approximately HK\$0.5 million to an external human resources company without receipt of invoice by us. Also, excluding the effect from the abovementioned one-off gain, our effective tax rate in 2012 was similar to our effective tax rate of approximately 30.3% in 2013.

---

## FINANCIAL INFORMATION

---

The following table sets out the breakdown of our income tax expense during the Track Record Period:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong:			
Charge for the year	2,113	1,627	697
Overprovision in prior years	–	(12)	–
Current – Mainland China:	12,706	7,793	15,658
Deferred	<u>(1,187)</u>	<u>(474)</u>	<u>91</u>
<b>Total tax charge for the year</b>	<b><u>13,632</u></b>	<b><u>8,934</u></b>	<b><u>16,446</u></b>

Other than the aforementioned lower income tax rate entitled by Earthasia (Shanghai) in 2011, our PRC subsidiaries were subject to an enterprise income tax rate of 25% throughout the Track Record Period; whereas each of our Hong Kong subsidiaries was subject to a profit tax of 16.5%. Other than the PRC and Hong Kong, we are not subject to any other income tax in other jurisdictions during the Track Record Period. We have paid or provided for all relevant taxes that our Group was subject to. We are not aware of any disputes/unresolved tax issues with any tax authorities.

### YEAR ENDED 31 DECEMBER 2013 COMPARED TO YEAR ENDED 31 DECEMBER 2012

#### Revenue

Our total revenue increased by approximately HK\$44.6 million or 25.9% from approximately HK\$172.4 million for the year ended 31 December 2012 to approximately HK\$217.0 million for the year ended 31 December 2013. Such increase was attributable to (i) the improved market condition in 2013 and the support of a government greening policy that was implemented in late 2012; and (ii) acquisition of Earthasia (Hong Kong) in August 2012 contributing additional revenue to our total revenue. For the year ended 31 December 2012, we entered into 126 new contracts with total contract sum of approximately HK\$210.1 million; whilst we entered into 172 new contracts with total contract sum of approximately HK\$296.7 million for the year ended 31 December 2013. The increase was also attributable to the acquisition of Earthasia (Hong Kong) in August 2012 with its full year effect reflected in 2013.

#### Cost of sales

We recorded an increase in cost of sales of approximately HK\$9.8 million or 11.1% from approximately HK\$88.0 million for the year ended 31 December 2012 to approximately HK\$97.8 million for the year ended 31 December 2013. Such increase was generally in line with the increase in revenue with increased number of projects.

---

## FINANCIAL INFORMATION

---

### **Gross profit and gross profit margin**

As a result of the improved market condition in 2013 which resulted in more contracts entered into by us and increase in average contract sum for new contracts we entered into in 2013, our gross profit increased by approximately HK\$34.9 million or 41.4% from approximately HK\$84.4 million for year ended 31 December 2012 to approximately HK\$119.3 million for the year ended 31 December 2013. Together with relatively lower salary increment rate from 2012 to 2013 than that from 2011 to 2012, our gross profit margin increased from approximately 48.9% for the year ended 31 December 2012 to approximately 54.9% for the year ended 31 December 2013.

### **Other income and gains**

Our other income and gains decreased by approximately HK\$2.7 million or 29.8% from approximately HK\$8.8 million for the year ended 31 December 2012 to approximately HK\$6.1 million for the year ended 31 December 2013. Such decrease was mainly attributable to the gain on bargain purchase we recognised in 2012 on acquisition of Earthasia (Hong Kong). Excluding the effect of this one-off gain, our other income and gains increased by approximately HK\$5.3 million mainly due to the increase in government subsidy granted to our Shanghai office by approximately HK\$2.3 million from approximately HK\$0.2 million for the year ended 31 December 2012 to approximately HK\$2.5 million for the year ended 31 December 2013. Such government subsidy grant was an incentive measure introduced by the local government for setting up our Shanghai registered office in a particular district, which is to be evaluated by the local authority on an annual basis and there is no guarantee that we will continue to receive such grant in the future. Other than the increase in the government subsidy grant, the increase in our other income was also attributable to the increase in our service income. As a mean to promote our brand name “Earthasia” and as a marketing strategy, we have participated in more tendering projects during the year ended 31 December 2013, as a result of which we recorded approximately HK\$2.7 million for service income in 2013.

### **Selling and marketing expenses**

Our selling and marketing expenses increased by approximately HK\$1.1 million or 22.3% from approximately HK\$4.9 million for the year ended 31 December 2012 to approximately HK\$6.0 million for the year ended 31 December 2013. Such increase was mainly attributable to the increase in travelling expenses due to more frequent travelling made by our marketing team and more costs incurred in relation to pitching activities and office supplies in 2013.

### **Administrative expenses**

Our administrative expenses increased by approximately HK\$14.2 million or 29.3% from approximately HK\$48.5 million for the year ended 31 December 2012 to approximately HK\$62.7 million for the year ended 31 December 2013. Such increase was mainly due to (i) the increase in rental expenses due to the opening of our Xiamen office and full-year effect of the inclusion of our Hong Kong office into our Group as a result of the acquisition of Earthasia (Hong Kong); (ii) the costs regarding the Listing process of approximately HK\$3.7 million; and (iii) increase in staff cost of approximately HK\$5.9 million due to increase in business.

---

## FINANCIAL INFORMATION

---

### Finance Costs

Our finance costs decreased by approximately HK\$0.5 million or 88.0% from approximately HK\$0.5 million for the year ended 31 December 2012 to approximately HK\$0.06 million for the year ended 31 December 2013. Such decrease was because we recorded an interest expenses to potential investors for their earnest money regarding their investment in Earthasia (Shanghai) for RMB9.45 million at a rate of 6.05% per year. The proposed transaction fell through and the earnest money, together with the interest accrued, were paid back to the investors in 2012. Excluding such interest expenses, our finance costs remained stable at approximately HK\$0.07 million and HK\$0.06 million for 2012 and 2013, respectively. All our finance costs for the years ended 31 December 2012 and 2013 arose from interest incurred on a car loan.

### Other expenses

Our other expenses decreased by approximately HK\$1.9 million or 44.4% from approximately HK\$4.3 million for the year ended 31 December 2012 to approximately HK\$2.4 million for the year ended 31 December 2013. Such decrease was mainly due to the decrease in provision for impairment of receivables recognised during the year.

### Income tax expense

For the year ended 31 December 2013, the income tax expense increased by approximately HK\$7.5 million or 84.1% compared with the year ended 31 December 2012, the increase of which was mainly due to the increase in profit before tax for the year ended 31 December 2013 as compared to the year ended 31 December 2012.

### Profit for the year

As a result of the foregoing, our profit for the period increased by approximately HK\$11.8 million or 45.6% from approximately HK\$25.9 million for year ended 31 December 2012 to approximately HK\$37.8 million for the year ended 31 December 2013.

Our profit first witnessed a decrease of approximately 24.4% for the year ended 31 December 2012 as compared to the preceding year and increase of approximately 45.6% for the year ended 31 December 2013. As a result of the acquisition of Earthasia (Hong Kong) in August 2012, we recorded a bargain purchase gain of approximately HK\$7.9 million, the amount of which was recognised in our profit and loss according to the accounting principle under IFRS3. Such bargain purchase gain arose because (i) Earthasia (Hong Kong) achieved a profit of approximately HK\$5.0 million during the period from 1 January 2012, being the date the acquisition consideration paid by Earthasia (Shanghai) was made reference to, to 28 August 2012, being the date MOFCOM approved the transaction and the acquisition date for reorganisation purpose; and (ii) difference in the basis of valuation between the first valuation, when the valuer made reference to the audited net asset value of Earthasia (Hong Kong) under the local PRC accounting principles (which was requested by MOFCOM) as at 31 December 2011, and the second valuation, when the valuer made reference to the audited net asset value of Earthasia (Hong Kong) under IFRS (for financial reporting purpose) as at 31 August 2012. Since the acquisition of Earthasia (Hong Kong), a net loss of approximately HK\$0.04 million

---

## FINANCIAL INFORMATION

---

was contributed to our Group for the four months starting from 1 September 2012 to 31 December 2012 and a net profit of approximately HK\$1.6 million was contributed to our Group for the year ended 31 December 2013.

Our net profit margin increased from approximately 15.0% for the year ended 31 December 2012 to approximately 17.4% for year ended 31 December 2013.

### **YEAR ENDED 31 DECEMBER 2012 COMPARED TO YEAR ENDED 31 DECEMBER 2011**

#### **Revenue**

Our total revenue decreased by approximately HK\$6.8 million or 3.8% from approximately HK\$179.2 million for the year ended 31 December 2011 to approximately HK\$172.4 million for the year ended 31 December 2012. Such decrease was mainly due to our customers being more price conscious resulting in a decrease in average contract sum for new contracts we entered into in 2012. We entered into 159 new contracts with total contract sum of approximately HK\$280.1 million for the year ended 31 December 2011, whilst we only entered into 126 new contracts with contract sum of approximately HK\$210.1 million for the year ended 31 December 2012.

#### **Cost of sales**

The increase in our cost of sales by approximately HK\$7.0 million or 8.7% from approximately HK\$81.0 million for the year ended 31 December 2011 to approximately HK\$88.0 million for the year ended 31 December 2012 was primarily due to the increase of direct labour cost after the salary increment in the beginning of 2012 as a result of promising performance of our staff in 2011.

#### **Gross profit and gross profit margin**

As a result of the decrease in revenue, our gross profit decreased by approximately HK\$13.9 million or 14.1% from approximately HK\$98.3 million for the year ended 31 December 2011 to approximately HK\$84.4 million for the year ended 31 December 2012.

Due to customers being more price conscious, we entered into contracts with clients at more competitive prices in 2012 as compared to 2011. Together with the increase in labour cost resulting from the salary increment in 2012, our gross profit margin decreased from approximately 54.8% for the year ended 31 December 2011 to approximately 48.9% for the year ended 31 December 2012.

#### **Other income and gains**

Our other income and gains in 2012 mainly represented the gain on bargain purchase we recognised when the consideration we paid for our acquisition of Earthasia (Hong Kong) was lower than the fair value of the net assets acquired, which amounted to approximately HK\$7.9 million. Excluding the effect from the acquisition of Earthasia (Hong Kong), our other income and gains decreased by approximately HK\$0.5 million or 35.1% from approximately HK\$1.3 million for the year ended 31 December 2011 to approximately HK\$0.8 million for the year ended 31 December 2012. Such decrease was mainly because we recognised approximately HK\$0.9 million of interest income from our investment in the high-yield bank



---

## FINANCIAL INFORMATION

---

products and approximately HK\$0.08 million for the gain on disposal of property, plant and equipment for the year ended 31 December 2011; whereas we did not recognise such income and gains for the years ended 31 December 2012.

### **Selling and marketing expenses**

Our selling and marketing expenses decreased by approximately HK\$1.5 million or 22.7% from approximately HK\$6.4 million for the year ended 31 December 2011 to approximately HK\$4.9 million for the year ended 31 December 2012, mainly due to the setting up of our own marketing team in Shanghai and the reduction of outsourcing marketing work to third parties. Marketing and promotion expenses amounted to approximately HK\$4.5 million for the year ended 31 December 2011, whilst it decreased to approximately HK\$0.3 million for the year ended 31 December 2012.

### **Administrative expenses**

Our administrative expenses increased by approximately HK\$7.0 million or 16.9% from approximately HK\$41.5 million for the year ended 31 December 2011 to approximately HK\$48.5 million for the year ended 31 December 2012. Such increase was mainly attributable to the increase in staff cost by approximately HK\$5.1 million or 28.9% from approximately HK\$17.7 million for the year ended 31 December 2011 to approximately HK\$22.8 million for the year ended 31 December 2012 due to the salary increment in the beginning of 2012 and inclusion of Earthasia (Hong Kong) in our Group since August 2012.

### **Finance cost**

Our finance cost increased by approximately HK\$0.45 million or 875.0% from approximately HK\$0.05 million for the year ended 31 December 2011 to approximately HK\$0.5 million for the year ended 31 December 2012. Such increase was due to the receipt of the earnest money and the interest accrued in that regard in 2012. For details, please refer to “Year ended 31 December 2013 compared to year ended 31 December 2012 – Finance cost” in this section. Excluding the aforesaid interest expenses, our finance cost remained at a stable level of aforesaid approximately HK\$0.05 million for the year ended 31 December 2011 and approximately HK\$0.07 million for the year ended 31 December 2012. All our finance cost for the years ended 31 December 2011 and 2012 arose from interest payable for a car loan.

### **Other expenses**

Our other expenses increased by approximately HK\$0.6 million or 17.6% from approximately HK\$3.7 million for the year ended 31 December 2011 to approximately HK\$4.3 million for the year ended 31 December 2012. Such increase was mainly due to increase in provision for impairment of trade receivables by approximately HK\$0.8 million or 34.4% from approximately HK\$2.3 million to HK\$3.1 million in 2012.

---

## FINANCIAL INFORMATION

---

### Income tax expense

We recorded a decrease in income tax expense by approximately HK\$4.7 million or 34.5% from approximately HK\$13.6 million for the year ended 31 December 2011 to approximately HK\$8.9 million for the year ended 31 December 2012 mainly due to the decrease in profit before taxation.

### Profit for the year

As a result of the foregoing, our profit for the year decreased by approximately HK\$8.4 million or 24.4% from approximately HK\$34.3 million for the year ended 31 December 2011 to approximately HK\$25.9 million for the year ended 31 December 2012.

Our net profit margin decreased from approximately 19.1% for the year ended 31 December 2011 to approximately 15.0% for the year ended 31 December 2012.

### LIQUIDITY AND CAPITAL RESOURCES

Our Group assesses liquidity using our cash position. We use cash primarily to pay our office expenses, salaries and to fund our working capital and other normal recurring expenses. During the Track Record Period and up to the Latest Practicable Date, we have primarily financed our expenditures through internally generated cash flows, being primarily cash generated through progress payment from our customers, and also payment of subscription money by PBLA pursuant to the Pre-IPO Investment of approximately HK\$15 million. Other than the proceeds we will receive from the Global Offering, which we intend to apply to our plans as set forth in the section headed “Future plans and use of proceeds” in this prospectus, we do not expect there will be any material change in the mix and relative cost of our capital resources.

### Cash flows

The following table sets out a summary of our combined cash flow statements for the years indicated:

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Net cash flows from operating activities	51,034	774	39,950
Net cash flows used in investing activities	(3,752)	(8,846)	(2,382)
Net cash flows from/(used in) financing activities	(31,642)	(15,038)	3
Net increase/(decrease) in cash and cash equivalents	15,640	(23,110)	37,571
Cash and cash equivalents at beginning of year	37,286	50,957	27,854
Effect of foreign exchange rates changes, net	(1,969)	7	(1,061)
Cash and cash equivalents at end of year	<u>50,957</u>	<u>27,854</u>	<u>64,364</u>

---

## FINANCIAL INFORMATION

---

Our cash flows are mainly impacted by our cash flows from operating activities. As the year ended 31 December 2012 was a relatively tough year for our Group, our cash flows from operating activities were adversely affected. Combining with our dividend payout during the year and consideration (net of cash balance acquired) paid for the acquisition of Earthasia (Hong Kong), we experienced a net decrease in cash and cash equivalents. Please refer to the paragraphs below for the detailed discussion over the material underlying causes of the changes in our cash flows.

### *Net cash flows generated from operating activities*

Our Group derived its cash from operating activities from the receipt of payments in relation to the provision of our landscape architecture services. Our cash outflows from operating activities was principally attributable to the payment of staff costs, rent, sub-consultant charges and tax payment.

For the year ended 31 December 2011, our net cash flows generated from operating activities was approximately HK\$51.0 million. Such amount was derived from our profit before tax of approximately HK\$48.0 million, positively adjusted for decrease in other prepayment, deposits and other receivables of approximately HK\$19.5 million attributable to the borrowings by third parties in previous years which were settled during the year, and partially offset by (i) increase in amounts due from customers for contract works of approximately HK\$9.2 million due to delays in certain projects; and (ii) approximately HK\$17.6 million for profit tax paid.

For the year ended 31 December 2012, our net cash flows generated from operating activities was approximately HK\$0.8 million. The decrease in our net cash flows generated from operating activities as compared to the year ended 31 December 2011 was mainly due to the dampened business environment in 2012, resulting in a decrease in our profit before tax to approximately HK\$34.9 million. Furthermore, the negotiation process with customers on milestone payments were more lengthy, resulting in delay in cash return cycle, as reflected by: (i) increase in amounts due from customers for contract works of approximately HK\$10.3 million; and (ii) the decrease in amounts due to customers for contract works of approximately HK\$10.8 million. Finally, profit tax paid of approximately HK\$10.0 million further reduced the net cash flows generated from our operating activities.

For the year ended 31 December 2013, our net cash flows from operating activities was approximately HK\$40.0 million. The increase in our net cash flows generated from operating activities as compared to the year ended 31 December 2012 was mainly due to the improved market condition, resulting in an increase in our profit before tax to approximately HK\$54.2 million. On the other hand, as a result of the improved market condition, the negotiation process with our customers on milestone payments accelerated, as reflected by the increase in amounts due to customers for contract works of approximately HK\$10.2 million. These amounts were partially offset by the increase in trade receivables of approximately HK\$27.0 million corresponding to the increase in our revenue for the year ended 31 December 2013.

---

## FINANCIAL INFORMATION

---

### *Net cash flows used in investing activities*

For the year ended 31 December 2011, our net cash flows used in investing activities was approximately HK\$3.8 million, primarily consisting of purchase of motor vehicle of approximately HK\$2.8 million, furniture and equipment of approximately HK\$1.0 million and leasehold improvement of approximately HK\$0.6 million, totalling approximately HK\$4.4 million, which is partially offset by the interest of approximately HK\$0.9 million from our investment in the high-yield bank products.

For the year ended 31 December 2012, our net cash flows used in investing activities was approximately HK\$8.8 million, primarily consisting of (i) leasehold improvement of approximately HK\$1.7 million due to the relocation of our Shanghai office in 2012 and purchase of furniture and equipment of approximately HK\$0.6 million, totalling approximately HK\$2.3 million; and (ii) consideration (net of cash balance acquired) paid for acquisition of Earthasia (Hong Kong) amounted to approximately HK\$6.4 million. For details of the net cash outflow in respect of the acquisition of Earthasia (Hong Kong), please refer to note 26 to the Accountants' Report as set out in Appendix I to this prospectus.

For the year ended 31 December 2013, our net cash flows used in investing activities was approximately HK\$2.4 million, primarily consisting of purchase of furniture and equipment of approximately HK\$1.4 million and leasehold improvement of approximately HK\$0.6 million, totalling approximately HK\$2.0 million.

### *Net cash flows used in financing activities*

For the year ended 31 December 2011, our net cash used in financing activities was approximately HK\$31.6 million, which was mainly attributable to the interim dividend paid to the then controlling shareholders of approximately HK\$32.3 million out of the retained profits of Earthasia (International), partially offset by the grant of a car loan of approximately HK\$0.7 million in the year.

For the year ended 31 December 2012, our net cash used in financing activities was approximately HK\$15.0 million, which was mainly attributable to (i) the interim dividend paid to the then controlling shareholders of approximately HK\$14.4 million out of the retained profits of Earthasia (International); and (ii) interest paid in relation to the receipt of earnest money from potential investors in the year. For details of the interest paid, please refer to the sub-section headed "Finance costs" in this section.

For the year ended 31 December 2013, our net cash generated from financing activities was approximately HK\$3,000, which was mainly attributable to the interim dividend paid to the then controlling shareholders of approximately HK\$15.1 million out of the retained profits of Earthasia (International), partially offset by our receipt of subscription money of HK\$3.0 million and HK\$12.0 million on 6 December 2013 and 18 December 2013, respectively from PBLA pursuant to Pre-IPO Subscription Agreement. For details of the Pre-IPO Subscription Agreement, please refer to the section headed "Relationship with Pubang Group – Pre-IPO Investment of Pubang in our Group" in this prospectus.

---

## FINANCIAL INFORMATION

---

### DISCUSSION OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

#### Property and equipment

The decrease in the value of property and equipment as at 31 December 2013 (as compared to the position as at 31 December 2012) was mainly due to the depreciation of property and equipment for approximately HK\$2.8 million and less additions made to property and equipment in 2013.

The following table sets out the respective carrying values of our Group's property and equipment as at the respective financial position dates indicated:

	<b>Leasehold improvement</b> <i>HK\$'000</i>	<b>Furniture and equipment</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>NET CARRYING AMOUNT</b>				
As at 31 December 2011	<u>994</u>	<u>3,123</u>	<u>2,525</u>	<u>6,642</u>
As at 31 December 2012	<u>1,933</u>	<u>3,013</u>	<u>1,948</u>	<u>6,894</u>
As at 31 December 2013	<u>1,364</u>	<u>3,185</u>	<u>1,414</u>	<u>5,963</u>

---

## FINANCIAL INFORMATION

---

### Intangible assets

The table below sets out the respective carrying value of our intangible assets as at the respective financial position dates indicated:

	<b>Software</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Cost at 1 January 2011, net of accumulated amortisation	965	965
Additions	838	838
Amortisation during the year	(416)	(416)
Exchange realignment	<u>56</u>	<u>56</u>
 Cost at 31 December 2011 and 1 January 2012, net of accumulated amortisation	 1,443	 1,443
Additions	488	488
Acquisition of a subsidiary	190	190
Amortisation during the year	<u>(538)</u>	<u>(538)</u>
 Cost at 31 December 2012 and 1 January 2013, net of accumulated amortisation	 1,583	 1,583
Additions	557	557
Amortisation during the year	(641)	(641)
Exchange realignment	<u>43</u>	<u>43</u>
 At 31 December 2013	 <u><u>1,542</u></u>	 <u><u>1,542</u></u>

Intangible assets mainly represented the drawing software purchased by us. Software purchased is amortised to reflect the economic benefits derived from the software over its remaining licence period of three to five years.

---

## FINANCIAL INFORMATION

---

### Prepayments, deposits and other receivables

Prepayments, deposits and other receivables can be categorised into current and non-current in nature and they mainly included deposit for and prepayment of leases. The following table sets out our prepayments, deposits and other receivables as at the respective financial position dates indicated:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:			
Prepayments	3,005	3,354	8,401
Deposits and other receivables	947	3,725	3,086
	3,952	7,079	11,487
Non-Current:			
Deposits and other receivables	188	160	1,333
<b>Total</b>	<b>4,140</b>	<b>7,239</b>	<b>12,820</b>

The amount of prepayments, deposits and other receivables increased from approximately HK\$4.1 million as at 31 December 2011 to approximately HK\$7.2 million as at 31 December 2012, mainly due to the increase in payment of deposit for office leases by approximately HK\$2.5 million. The amount increased significantly by approximately HK\$5.6 million or 77.1% to approximately HK\$12.8 million as at 31 December 2013 as compared to the position as at 31 December 2012. Such increase was mainly due to (i) the prepayment of one-year rent regarding the Shanghai office and of other utilities fee for approximately HK\$4.3 million and (ii) advance payment made to travel agency for approximately HK\$1.3 million.

### Amounts due from/(to) customers for contract works

#### *Amounts due from customers for contract works*

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works which represented unbilled amounts earned and reimbursable under contracts. These amounts become billable according to the contract terms, which usually consider the achievement of milestones or completion of the project. Generally, such amounts due from customers for contract works will be billed within the next 12 months.

Our amounts due from customers for contract works increased by approximately HK\$15.7 million from approximately HK\$46.0 million as at 31 December 2011 to approximately HK\$61.7 million as at 31 December 2012. The increase was mainly because the negotiation process with customers on milestone payment were more lengthy due to the dampened business environment in 2012. Our amounts due from customers for contract works further increased to approximately HK\$64.1 million as at 31 December 2013.

---

## FINANCIAL INFORMATION

---

Such increase was mainly due to the increase in the number of projects undertaken as at 31 December 2013. As at 31 December 2011, 2012 and 2013, our amounts due from customers for contract works were attributable to 202, 286 and 300 projects, respectively.

The following table sets out amounts due from customers for contract works by geographical locations of the projects as at the respective financial position dates indicated:

	As at 31 December					
	2011		2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
PRC	46,019	100.0	57,010	92.4	59,399	92.7
Hong Kong	–	–	4,376	7.1	3,867	6.0
Others	–	–	287	0.5	790	1.3
<b>Total</b>	<b>46,019</b>	<b>100.0</b>	<b>61,673</b>	<b>100.0</b>	<b>64,056</b>	<b>100.0</b>

Amounts due from customers for contract works generated from projects located in the PRC remained as the largest contribution and it amounted to approximately HK\$46.0 million or 100%, HK\$57.0 million or 92.4% and HK\$59.4 million or 92.7% as at 31 December 2011, 2012 and 2013, respectively, representing an increase of approximately HK\$11.0 million or 23.9% from 2011 to 2012 and a further increase of approximately HK\$2.4 million or 4.2% from 2012 to 2013 which is attributed to the same reasons causing the increase in amounts due from customer for contract works. Amounts due from customers for contract works generated by the projects located in Hong Kong attributed to nil or 0%, HK\$4.4 million or 7.1% and HK\$3.9 million or 6.0% of the total amounts due from customers for contract works as at 31 December 2011, 2012 and 2013, respectively, representing an increase of approximately HK\$4.4 million from 2011 to 2012 due to our acquisition of Earthasia (Hong Kong) in August 2012 and a slight decrease of HK\$0.5 million or 11.6% from 2012 to 2013.

The following table sets out amounts due from customers by types of client as at the respective financial position dates indicated:

	As at 31 December					
	2011		2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Governments and public bodies <i>(Note 1)</i>	8,447	18.3	10,899	17.7	3,569	5.6
Property developers <i>(Note 2)</i>	37,119	80.7	48,345	78.4	57,731	90.1
Others <i>(Note 3)</i>	453	1.0	2,429	3.9	2,756	4.3
<b>Total</b>	<b>46,019</b>	<b>100.0</b>	<b>61,673</b>	<b>100.0</b>	<b>64,056</b>	<b>100.0</b>



---

## FINANCIAL INFORMATION

---

*Notes:*

1. Government and public bodies include, without limitation, the local authorities and governmental institutional bodies.
2. Property developers include (i) private and state-owned property developers in the PRC; and (ii) private property developers in Hong Kong.
3. During the Track Record Period, we were also engaged by private and public construction companies, landscape planners, architects and engineers, etc. to provide landscape architecture services.

Over 75.0% of our amounts due from customers for contract works was attributable to property developers and such proportion is in line with the proportion of revenue we derived from property developers. Our amounts due from government and public bodies for contract works increased slightly by approximately HK\$2.5 million, or 29.0% from approximately HK\$8.4 million as at 31 December 2011 to approximately HK\$10.9 million as at 31 December 2012. Amounts due from government and public bodies for contract works decreased by approximately HK\$7.3 million to approximately HK\$3.6 million as at 31 December 2013 because we have achieved more billing milestone in 2013 for those government and public bodies customers whom we started to render service since 2012.

As at 4 June 2014, being the Latest Practicable Date, we subsequently billed approximately HK\$42.5 million or 92.4%, HK\$54.4 million or 88.1% and HK\$31.5 million or 49.1% for the amounts due from customers for contract works as at 31 December 2011, 2012 and 2013, respectively, while approximately HK\$40.6 million or 95.5%, HK\$52.8 million or 97.2% and HK\$25.2 million or 80.0% of the respective billed amount have been settled respectively. Our Directors are of the view that no provision for impairment is necessary in respect of these balances.

***Amounts due to customers for contract works***

For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. As at 31 December 2011 and 2012, the amounts due to customers for contract works were approximately HK\$60.3 million and approximately HK\$50.9 million, respectively, representing a decrease of approximately HK\$9.4 million or 15.6%, the decrease of which was attributable to decrease in revenue of approximately HK\$6.8 million or 3.8%. Besides, due to the dampened business environment in 2012, the negotiation process with customers on milestone payment were more lengthy. Amounts due to customers for contract works increased by approximately HK\$8.7 million or 17.1% to approximately HK\$59.6 million as at 31 December 2013 as compared to the Group's position as at 31 December 2012. Such increase was due to improved business

## FINANCIAL INFORMATION

conditions and the increase in revenue of 25.9% for the year ended 31 December 2013 compared to the year ended 31 December 2012. The following table sets out amounts due to customers for contract works by geographical location or projects as at the respective financial position dates indicated:

	2011		As at 31 December 2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
PRC	60,330	100.0	49,716	97.7	57,091	95.7
Hong Kong	–	–	1,193	2.3	2,550	4.3
Others	–	–	–	–	–	–
<b>Total</b>	<b>60,330</b>	<b>100.0</b>	<b>50,909</b>	<b>100.0</b>	<b>59,641</b>	<b>100.0</b>

Included in the amounts due to customers for contract works, approximately HK\$60.3 million or 100.0%; HK\$49.7 million or 97.7% and HK\$57.1 million or 95.7% were contributed by projects located in the PRC as at 31 December 2011, 2012 and 2013 respectively, representing a decrease of approximately HK\$10.6 million or 17.6% from 2011 to 2012 and an increase of approximately HK\$7.4 million or 14.8% from 2012 to 2013, the fluctuations were mainly due to the same reasons causing the fluctuations in amounts due to customers for contract works. Amounts due to customer contract works generated by projects located in Hong Kong attributed to nil or 0%, HK\$1.2 million or 2.3% and HK\$2.6 million or 4.3%, representing an increase of approximately HK\$1.2 million from 2011 to 2012 due to our acquisition of Earthasia (Hong Kong) in August 2012 and further increase of approximately HK\$1.4 million or 113.7% from 2012 to 2013.

The following table sets out amounts due to customers for contract works by client type of projects as at the respective financial position dates indicated:

	2011		As at 31 December 2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Government & public bodies <sup>(Note 1)</sup>	4,777	7.9	3,551	7.0	4,271	7.2
Property developers <sup>(Note 2)</sup>	54,330	90.1	45,998	90.4	53,367	89.5
Others <sup>(Note 3)</sup>	1,223	2.0	1,360	2.6	2,003	3.3
<b>Total</b>	<b>60,330</b>	<b>100.0</b>	<b>50,909</b>	<b>100.0</b>	<b>59,641</b>	<b>100.0</b>

Notes:

- Government and public bodies include, without limitation, the local authorities and governmental institutional bodies.
- Property developers include (i) private and state-owned property developers in the PRC; and (ii) private property developers in Hong Kong.

---

## FINANCIAL INFORMATION

---

3. During the Track Record Period, we were also engaged by private and public construction companies, landscape planners, architects and engineers, etc. to provide landscape architecture services.

The proportion of our amounts due to customers for contract works by client type of projects remained relatively stable during the Track Record Period.

The following table sets out our amounts due from (to) customers for contract works as at the respective financial position dates indicated:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract costs incurred plus recognised profits			
less recognised losses to date	425,877	545,544	561,603
Less: Progress billings	<u>(440,188)</u>	<u>(534,780)</u>	<u>(557,188)</u>
	<u>(14,311)</u>	<u>10,764</u>	<u>4,415</u>
 Analysed for reporting purposes as:			
Amounts due from customers for contract works	46,019	61,673	64,056
Amounts due to customers for contract works	<u>(60,330)</u>	<u>(50,909)</u>	<u>(59,641)</u>
	<u>(14,311)</u>	<u>10,764</u>	<u>4,415</u>

### Trade receivables

Trade receivables primarily comprised of amounts billed to clients for services already provided, but which have not yet been collected. Occasionally, under the terms of specific contracts, we are permitted to issue invoices in advance of providing our services to our clients and, to the extent they have not been collected, these amounts are also included in trade receivables from clients. The following table sets out our trade receivables positions as at the respective financial position dates indicated:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	24,919	32,372	58,923
Impairment	<u>(5,461)</u>	<u>(8,563)</u>	<u>(10,854)</u>
	<u>19,458</u>	<u>23,809</u>	<u>48,069</u>

---

## FINANCIAL INFORMATION

---

Our trade receivables increased by approximately HK\$4.3 million or 22.4% from approximately HK\$19.5 million as at 31 December 2011 to approximately HK\$23.8 million as at 31 December 2012. Such increase was primarily contributed by delay in payment from more clients mainly due to the dampened business environment in 2012. Although there was no change in our Group's credit policy during the Track Record Period, the trade receivables further increased to approximately HK\$48.1 million as at 31 December 2013, by approximately HK\$24.3 million or 101.9% as compared with that of 31 December 2012. Such increase was due to (i) increase in revenue of approximately 25.9% for the year ended 31 December 2013 as compared to the preceding year, which was attributable to the improved market condition in 2013 and the support of a government greening policy implemented in late 2012; and (ii) projects with larger amounts of approximately HK\$11.2 million billed close to end of the year.

In order to manage the credit risks associated with trade receivables effectively, credit limits of clients are evaluated periodically. Before accepting any new client, our Group conducts research on the creditworthiness of the new client and assesses the potential client's credit quality.

Our Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is two months in general. Each customer has a maximum credit limit. Our Group seeks to maintain strict control over its outstanding trade receivables to minimise credit risk. Overdue balances are reviewed regularly by our management. In view of the aforementioned and the fact that our Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Our Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The following table sets out the movement in provision for impairment of trade receivables during the Track Record Period:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	2,961	5,461	8,563
Recognised during the year	2,308	3,103	1,991
Exchange realignment	192	(1)	300
	_____	_____	_____
At 31 December	5,461	8,563	10,854

As at 31 December 2011, 2012 and 2013, we recorded provision for impairment of trade receivables amounting to approximately HK\$5.5 million, HK\$8.6 million and HK\$10.9 million, for 37 projects, 55 projects and 61 projects, respectively, as certain trade receivables relate to customers that were in financial difficulties or were in default in payments and thus we have doubts as to their collectability. The increase was in line with the increase in trade receivables. Our Group did not hold any collaterals over these balances. Our management would continue to work closely with our finance and accounting team to follow up with the clients in respect of the impairment of trade receivables recognised.

## FINANCIAL INFORMATION

The following table sets out the trade receivables by geographical locations of the projects as at the respective financial position dates indicated:

	2011		As at 31 December 2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
PRC	19,458	100.0	19,745	82.9	44,386	92.3
Hong Kong	–	–	2,954	12.4	3,599	7.5
Others	–	–	1,110	4.7	84	0.2
<b>Total</b>	<b>19,458</b>	<b>100.0</b>	<b>23,809</b>	<b>100.0</b>	<b>48,069</b>	<b>100.0</b>

The increase in amount of trade receivables for projects located in PRC was generally due to the same reasons causing the increase in trade receivables as at 31 December 2011, 2012 and 2013. On the other hand, increase in the trade receivables from our projects located in Hong Kong was attributable to our acquisition of Earthasia (Hong Kong) in August 2012.

The following table sets out the trade receivables by types of client as at the respective financial position dates indicated:

	2011		As at 31 December 2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Governments and public bodies <sup>(Note 1)</sup>	464	2.4	1,730	7.3	6,037	12.5
Property developers <sup>(Note 2)</sup>	18,265	93.9	19,414	81.5	39,312	81.8
Others <sup>(Note 3)</sup>	729	3.7	2,665	11.2	2,720	5.7
<b>Total</b>	<b>19,458</b>	<b>100.0</b>	<b>23,809</b>	<b>100.0</b>	<b>48,069</b>	<b>100.0</b>

Notes:

- Government and public bodies include, without limitation, the local authorities and governmental institutional bodies.
- Property developers include (i) private and state-owned property developers in the PRC; and (ii) private property developers in Hong Kong.
- During the Track Record Period, we were also engaged by private and public construction companies, landscape planners, architects and engineers, etc. to provide landscape architecture services.

Property developers accounted for most of our trade receivables as at 31 December 2011, 2012 and 2013, respectively. Our trade receivables from property developers increased by approximately HK\$1.1 million or 6.3% from approximately HK\$18.3 million as at 31 December 2011 to approximately HK\$19.4

---

## FINANCIAL INFORMATION

---

million as at 31 December 2012, and further increased by approximately HK\$19.9 million, or 102.5% to HK\$39.3 million as at 31 December 2013, generally due to the same reasons causing the increase in trade receivables as at 31 December 2011, 2012 and 2013.

Our trade receivables due from governments and public bodies increased by approximately HK\$1.3 million, or 272.8% from approximately HK\$0.5 million as at 31 December 2011 to approximately HK\$ 1.7 million as at 31 December 2012. Such increase was mainly because we entered into certain new projects for governments and public bodies in 2012. Our trade receivables due from governments and public bodies further increased by approximately HK\$4.3 million or 249.0% to approximately HK\$6.0 million as at 31 December 2013 mainly due to the increase of billing of projects in 2013.

The following table sets out the trade receivables by principal project types as at the respective financial position dates indicated:

	2011		As at 31 December 2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Residential development projects	12,599	64.7	10,704	45.0	18,660	38.8
Commercial and mixed-use development projects	4,800	24.7	5,194	21.8	17,775	37.0
Infrastructure and public open spaces projects	1,192	6.1	5,572	23.4	9,324	19.4
Tourism and hotels projects	867	4.5	2,339	9.8	2,310	4.8
<b>Total</b>	<b>19,458</b>	<b>100.0</b>	<b>23,809</b>	<b>100.0</b>	<b>48,069</b>	<b>100.0</b>

Residential development projects accounted for the majority of our trade receivables as at 31 December 2011, 2012 and 2013, respectively, in line with the proportion of revenue we derived from such projects during the Track Record Period. We also faced a substantial increase in trade receivables from our commercial and mixed-use development projects from approximately HK\$5.2 million as at 31 December 2012 to approximately HK\$17.8 million as at 31 December 2013, mainly due to (i) a major client for commercial and mixed-use development projects accounted for approximately HK\$4.5 million of our trade receivables as at 31 December 2013; and (ii) increase in revenue from our landscape architecture services rendered to commercial and mixed used development projects.

---

## FINANCIAL INFORMATION

---

The following table sets out our ageing analysis of trade receivables from clients, presented based on the invoice date at the dates indicated, and net of provisions recognised:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 6 months	17,323	20,983	42,031
6 to 12 months	1,461	2,076	4,285
12 to 24 months	306	264	1,112
Over 24 months	368	486	641
	<u>19,458</u>	<u>23,809</u>	<u>48,069</u>

The following table sets out our ageing analysis of trade receivables which were not impaired as at the respective financial position dates indicated:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	12,254	13,573	33,809
Less than 30 days past due	2,595	2,439	3,745
30 to 120 days past due	2,474	4,971	4,477
121 to 300 days past due	1,461	2,076	4,285
Over 300 days past due	674	750	1,753
	<u>19,458</u>	<u>23,809</u>	<u>48,069</u>

The increase in neither past due nor impaired trade receivables from approximately HK\$12.3 million as at 31 December 2011 to approximately HK\$13.6 million as at 31 December 2012, and further increase to approximately HK\$33.8 million as at 31 December 2013 were mainly due to the same reasons causing the increase in trade receivables. Our Directors regarded approximately HK\$7.2 million or 37.0%, HK\$10.2 million or 43.0%, and HK\$14.3 million or 29.7% of the total trade receivables as at 31 December 2011, 2012 and 2013, respectively, as past due but not impaired. Based on past experience, our Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 4 June 2014, being the Latest Practicable Date, approximately HK\$18.5 million or 95.3%, HK\$21.2 million or 89.2%, and HK\$22.7 million or 47.1% of trade receivables for each of the three years ended 31 December 2011, 2012 and 2013, respectively, were settled.

---

## FINANCIAL INFORMATION

---

The following table sets out the debtors' turnover days for the year indicated:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>days</i>	<i>days</i>	<i>days</i>
Debtors' turnover days <i>(Note)</i>	43.8	52.4	62.8

*Note:* Debtors' turnover days equals the average trade receivables, net of impairment, as at the respective year ended divided by the total revenue from progress billing for the year, multiplied by 365.

The debtors' turnover days were 43.8 days, 52.4 days and 62.8 days for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The increase in debtors' turnover days for the year ended 31 December 2013 compared to the year ended 31 December 2012 was mainly contributed by increase in the amount of trade receivables attributed to more sizeable projects with larger billed amounts close to end of the year. The increase in debtors' turnover days for the year ended 31 December 2012 compared to the year ended 31 December 2011 was mainly due to certain customers requiring longer period of time to settle the Group's billed balances.

### ***Trade payables***

Trade payables mainly represented amounts payable to our suppliers mainly being consultant, modelling and rendering charges, printing fee and travelling agent fee. It increased by approximately HK\$1.3 million or 179.3% from approximately HK\$0.8 million as at 31 December 2011 to approximately HK\$2.1 million as at 31 December 2012, mainly due to acquisition of Earthasia (Hong Kong) contributing approximately HK\$1.1 million as at 31 December 2012. As at 31 December 2013, our trade payables was approximately HK\$1.1 million, representing a decrease of approximately HK\$1.0 million or 46.2% as compared to the trade payables as at 31 December 2012. Such decrease was mainly because an amount of approximately HK\$0.5 million of trade payables was written off as such payments were no longer required due to the liquidation of two of our suppliers.

The following table sets out the aged analysis of our trade payables presented based on the invoice as at the respective financial position dates indicated:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	153	1,482	928
1 to 2 years	56	28	108
2 to 3 years	543	47	28
Over 3 years	—	543	66
	<u>752</u>	<u>2,100</u>	<u>1,130</u>



---

## FINANCIAL INFORMATION

---

The credit period on trade payables is generally one month. Our Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

The following table sets out the creditors' turnover days for the years indicated:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>days</i>	<i>days</i>	<i>days</i>
Creditors' turnover days <i>(Note)</i>	18.8	17.4	21.6

*Note:* Creditors' turnover days equals the trade payables as at the respective year ended divided by the sum of sub-consultant, modelling and rendering, travelling and printing costs for the year, multiplied by 365.

Our creditors' turnover days were 18.8 days, 17.4 days and 21.6 days for each of the three years ended 31 December 2011, 2012 and 2013, respectively. Our creditors' turnover days were generally within the credit period offered by our creditors of one month.

### Other payables and accruals

The following table sets out the other payables and accruals as at the respective financial position dates indicated:

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables	7,440	5,628	24,398
Accruals	<u>1,970</u>	<u>1,968</u>	<u>4,818</u>
	<u><u>9,410</u></u>	<u><u>7,596</u></u>	<u><u>29,216</u></u>

As at 31 December 2013, our other payables increased by approximately HK\$18.8 million as compared our other payables as at 31 December 2012 mainly due to the receipt of subscription money from PBLA of HK\$15.0 million pursuant to the Pre-IPO Subscription Agreement and increase in advance payment from our customers before we issue bills of approximately HK\$2.7 million in 2013. The increase in accruals by approximately HK\$2.9 million to approximately HK\$4.8 million as at 31 December 2013 was mainly due to the increase in payroll payable by approximately HK\$2.9 million for the performance bonus we declared in 2013.

---

## FINANCIAL INFORMATION

---

### RELATED PARTIES TRANSACTIONS AND BALANCES

#### Related Parties Transactions

Our Group entered into the following transactions with our related parties during the Track Record Period:

*(a) Service fee charged by related companies:*

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earthasia (Hong Kong)	7,397	4,400	–
Earthasia (Manila)	2,290	5,991	9,468
	<u>9,687</u>	<u>10,391</u>	<u>9,468</u>

*(b) Reimbursement of expense from a related company:*

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earthasia (Hong Kong)	1,272	1,019	–
	<u>1,272</u>	<u>1,019</u>	<u>–</u>

Services received from/rendered to related companies during the Track Record Period mainly represented the manpower support provided by/to the related companies for the provision of landscape architecture services in some projects.

- (c)* During the Track Record Period, we entered into lease agreements with Mr. Chan and Mr. Tian Ming, respectively. These agreements will continue upon the Listing. For details of the leases, please refer to the section “Connected Transactions” in this prospectus.
- (d)* Earthasia (Shanghai) acquired 600 shares and 400 shares of Earthasia (Hong Kong), representing 60% and 40% of the issued share capital of Earthasia (Hong Kong) from Mr. Lau and Mr. Chan, respectively on 29 August 2012 at par.
- (e)* Other than the above, we made an advance of approximately HK\$0.8 million during the year ended 31 December 2013 to Mr. Chan which was unsecured and interest-free and such amount has been repaid in the same year.

---

## FINANCIAL INFORMATION

---

Our Directors are of the view that the abovementioned transactions were entered on arm's length basis and believe that these related party transactions did not distort our results of operations during the Track Record Period.

### Balances with Related Parties

Other than the above transactions, our Group had the following balance with the related parties as at the respective financial position dates indicated:

(a) *Amounts due from our Directors*

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. Chan	49	111	52
Mr. Lau	7	–	–
Tian Ming	266	–	–
	322	111	52
	322	111	52

Such amounts represented petty cash we provided to our Directors and were non-trade related, unsecured and interest free. All the amounts have been settled as at the Latest Practicable Date.

(b) *Amounts due to our Directors*

	<b>As at 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. Chan	40	40	–
Mr. Lau	40	40	–

Such amounts represented cash advance made by our Directors and were non-trade related, unsecured, interest-free and no fixed terms of repayment.

---

## FINANCIAL INFORMATION

---

(c) *Amounts due from related companies:*

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EYT	3	108	–
Earthasia Design Group Inc	–	59	–
	<u>3</u>	<u>167</u>	<u>–</u>

Such amounts represented payment we made on behalf of the relevant related companies and were non-trade related, unsecured interest-free and no fixed terms of repayment.

(d) *Amount due to a related company:*

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earthasia (Hong Kong)	878	–	–
	<u>878</u>	<u>–</u>	<u>–</u>

Such amount represented amount payable to Earthasia (Hong Kong) for its services provided to us during the Track Record Period. Please refer to the paragraph headed “Related parties transactions and balances – Related parties transactions – (a) Service fee charged by related companies” in this section for details.

---

## FINANCIAL INFORMATION

---

### KEY FINANCIAL RATIOS

The following table sets out key financial ratios of our Group during the years:

	Year ended 31 December		
	2011	2012	2013
<b>Profitability ratios</b>			
Return on assets <sup>(Note 1)</sup> (%)	26.2	19.3	18.7
Return on equity <sup>(Note 2)</sup> (%)	68.8	42.2	44.2

	Year ended 31 December		
	2011	2012	2013
<b>Liquidity ratios</b>			
Current ratio <sup>(Note 3)</sup>	1.5	1.7	1.7

	As at 31 December		
	2011	2012	2013
<b>Capital adequacy ratio</b>			
Gearing ratio <sup>(Note 4)</sup> (%)	1.6	1.1	0.6
Net debt to equity ratio <sup>(Note 5)</sup>	Net cash	Net cash	Net cash

	Year ended 31 December		
	2011	2012	2013
Interest coverage <sup>(Note 6)</sup>	923.1	521.6	952.1

*Notes:*

1. Return on assets is calculated based on the net profit attributable to the owners of our Company for the year divided by the total assets at the end of the respective year and multiplied by 100%.
2. Return on equity is calculated based on the net profit attributable to the owners of our Company for the year divided by the total equity attributable to the owners of our Company at the end of the respective year and multiplied by 100%.
3. Current ratio is calculated based on the total current assets at the end of the year divided by the total current liabilities at the end of the respective year.
4. Gearing ratio is calculated based on total debt at the end of the year divided by total equity at the end of the respective year multiplied by 100%. Total debt represents interest bearing other borrowing.
5. Net debt to equity ratio is calculated based on total interest-bearing debt net of cash and bank balances at the end of the year divided by total equity at the end of the respective year multiplied by 100%. "Net cash" status indicates that our Company had more cash and bank balances than the total interest-bearing debt at respective dates.

---

## FINANCIAL INFORMATION

---

6. Interest coverage is calculated based on the net profit before interest and tax for the respective year divided by the interest arising from interest-bearing other borrowing for the respective year.

### **Return on assets**

Return on assets for each of the three years ended 31 December 2011, 2012 and 2013 were approximately 26.2%, 19.3% and 18.7%, respectively. The decrease in return on assets for the year ended 31 December 2012 as compared to 2011 was due to the dampened business environment resulting in the decrease in net profit for the year ended 31 December 2012 and the increase in our labour cost in 2012 due to the salary increment. The slight decrease in 2013 was mainly due to the increase in net profit for the year ended 31 December 2013 while total assets increased due to the increase in cash and cash equivalents as a result of the recovery in business environment and injection of capital by PBLA of HK\$15.0 million.

### **Return on equity**

Return on equity were approximately 68.8%, 42.2% and 44.2% for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The decrease in return on equity for the year ended 31 December 2012 as compared to 2011 was mainly due to decrease in net profit for the year ended 31 December 2012. For the year ended 31 December 2013, the slight increase in return on equity was mainly due to increase in net profit for the year while increase in equity attributable to owners of our Company was partially offset by the dividend declared and paid in 2013 of approximately HK\$15.1 million.

### **Gearing ratio**

The primary objectives of our Group's capital management are to ensure that we maintain a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, our Group may adjust the dividend payment to the Shareholders, return capital to Shareholders or issue new Shares. No changes were made in the objectives, policies or processes for managed capital during the Track Record Period.

Gearing ratio were approximately 1.6% and 1.1% as at 31 December 2011 and 2012, respectively. It further dropped to approximately 0.6% as at 31 December 2013. Such decrease was mainly due to the decrease in our borrowing throughout the Track Record Period.

### **Interest coverage**

Interest coverage ratio were approximately 923.1x, 521.6x, and 952.1x for each of the three years ended 31 December 2011, 2012 and 2013, respectively. The interest expense incurred was mainly due to interest we paid on our car loan. The lower interest coverage ratio for the year ended 31 December 2012 was mainly due to decrease in net profit before interest and tax for the year ended 31 December 2012 and the higher amount of interest paid in 2012.

---

## FINANCIAL INFORMATION

---

### INDEBTEDNESS

Other than a credit card limit available which was unsecured and a car loan amounting to approximately HK\$0.8 million in 2011, which was secured by the vehicle and a personal guarantee from Mr. Tian was provided in this regards, we did not have any banking facilities or bank overdraft as at 31 December 2011, 2012, 2013 and 30 April 2014, respectively. The personal guarantee was released in May 2014. There are no material covenants relating to our outstanding debts.

Apart from the car loan with an outstanding principal of HK\$0.5 million and credit card limit, our Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities at the close of business on 30 April 2014, being the date of the indebtedness statement. Save as disclosed herein, our Group has no existing plan on making additional external debt financing.

Our Directors have confirmed that there has not been any material adverse change in our Group's indebtedness and contingent liabilities since 30 April 2014, being the date for determining our Group's indebtedness.

### CONTINGENT LIABILITIES

As at the close of business on the Latest Practicable Date, our Group did not have any material contingent liabilities.

## FINANCIAL INFORMATION

### NET CURRENT ASSETS

The following table below sets out our Group's current assets and current liabilities as at the respective financial position dates indicated:

	As at 31 December			As at
	2011	2012	2013	30 April
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
<b>CURRENT ASSETS</b>				
Amounts due from customers for contract works	46,019	61,673	64,056	69,497
Trade receivables	19,458	23,809	48,069	48,140
Prepayments, deposits and other receivables	3,952	7,079	11,487	11,346
Amounts due from related companies	3	167	–	–
Amounts due from directors	322	111	52	–
Tax recoverable	307	2,882	1,833	1,834
Cash and bank balances	50,957	27,854	64,364	66,737
	<u>121,018</u>	<u>123,575</u>	<u>189,861</u>	<u>197,554</u>
Total current assets				
<b>CURRENT LIABILITIES</b>				
Trade payables	752	2,100	1,130	536
Other payables and accruals	9,410	7,596	29,216	11,325
Interest-bearing other borrowing	161	177	184	204
Amounts due to customers for contract works	60,330	50,909	59,641	61,838
Amounts due to directors	80	80	–	–
Amount due to a related company	878	–	–	–
Dividend payable	–	–	–	35,000
Tax payable	7,131	9,940	22,833	28,016
	<u>78,742</u>	<u>70,802</u>	<u>113,004</u>	<u>136,919</u>
Total current liabilities				
<b>NET CURRENT ASSETS</b>	<b><u>42,276</u></b>	<b><u>52,773</u></b>	<b><u>76,857</u></b>	<b><u>60,635</u></b>

Other than the dividend of HK\$35 million we declared on 14 January 2014 as referred to in the section headed "Financial information – Dividend and dividend policy", there is no material fluctuation noted for our Group's net current assets as at 30 April 2014 when compared with that as at 31 December 2013.

### CAPITAL EXPENDITURE AND COMMITMENT

#### Capital Expenditure

During the Track Record Period, our capital expenditure were primarily related to expenditure for leasehold improvement, furniture and equipment, and motor vehicles.



---

## FINANCIAL INFORMATION

---

The following table sets out our capital expenditure as at the respective financial position dates indicated:

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold improvement	576	1,669	575
Furniture and equipment	1,004	617	1,397
Motor vehicles	2,824	–	–
<b>Total</b>	<b>4,404</b>	<b>2,286</b>	<b>1,972</b>

Our capital expenditure decreased by approximately HK\$2.1 million, or 48.1%, from approximately HK\$4.4 million for the year ended 31 December 2011 to approximately HK\$2.3 million for the year ended 31 December 2012. Such decrease was mainly because we purchased a motor vehicle costing approximately HK\$2.8 million in 2011 whilst there was no such purchase in 2012. Our capital expenditure further decreased by approximately HK\$0.3 million, or 13.7%, to approximately HK\$2.0 million for the year ended 31 December 2013 as compared to the year ended 31 December 2012. Such decrease in our capital expenditure was mainly due to the decrease in our leasehold improvement for the year ended 31 December 2013. In 2012, we spent approximately HK\$1.7 million on our leasehold improvement due to relocation of our Shanghai office.

Subject to the then market condition, we estimate that our total capital expenditure will increase for the coming years as we intend to acquire new office premises after the Listing. We anticipate that these capital expenditures will be financed primarily by proceeds from the Global Offering and cash flow generated from operating activities.

### Capital commitments

We had no capital commitments as at 31 December 2011, 2012 and 2013, respectively.

### Off-balance sheet commitments and arrangements

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

---

## FINANCIAL INFORMATION

---

### Operating Lease Commitment

As at 31 December 2011, 2012 and 2013, our Group had contracted for the following future minimum lease payments:

	As at 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Within one year	5,036	10,981	11,673
In the second to fifth years inclusive	<u>2,226</u>	<u>12,647</u>	<u>9,575</u>
	<u>7,262</u>	<u>23,628</u>	<u>21,248</u>

Operating lease payments represent rentals payable by our Group for certain of our office properties and staff dormitories. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

### WORKING CAPITAL

We believe we will be able to settle our commitments and repay our other borrowings by using funds from a combination of sources including internally generated cash flows, primarily being cash generated through progress payment from our customers, and proceeds from the Global Offering.

As at 31 December 2011, 2012 and 2013, our aggregate cash and cash equivalent, amounted to approximately HK\$51.0 million, HK\$27.9 million and HK\$64.4 million, respectively. As at 30 April 2014, being the date of the indebtedness statement, we had a credit card limit available and a car loan with an outstanding amount of approximately HK\$0.5 million.

During the Track Record Period and up to the Latest Practicable Date, we did not experience (i) any undue difficulty in obtaining credit facilities or withdrawal of facilities from banks, or (ii) any default in payment of bank loans or other borrowings, breach of any covenants. We have in the past suffered from incidents of default in payment or termination of contracts by our customers. However, we seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by senior management.

Taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flow generated from our operations based on relevant contracts that we have entered into with customers, our Directors are of the opinion that we have sufficient working capital for our present requirement for at least the next 12 months from the date of this prospectus.

---

## FINANCIAL INFORMATION

---

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the Track Record Period, our Group's and our Company's major financial instruments included cash and bank balances, trade and other receivables, amounts due from related companies and directors, trade and other payables, amount due to a related company and directors and interest bearing other borrowings. The risks associated with these financial instruments include foreign currency risk, credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Foreign currency risk

Our Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. All of our Group's sales were denominated in functional currencies of the operating units making the sale, whilst approximately 96%, 93% and 85% of costs for each of the three years ended 31 December 2011, 2012 and 2013, respectively, were denominated in the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of our Group's profit before tax:

	<b>Increase/ (decrease) in percentage</b>	<b>Increase/ (decrease) on equity <i>HK\$'000</i></b>
<b>2013</b>		
If the Hong Kong dollar weakens against the RMB	+5%	3,929
If the Hong Kong dollar strengthens against the RMB	-5%	(3,929)
<b>2012</b>		
If the Hong Kong dollar weakens against the RMB	+5%	2,226
If the Hong Kong dollar strengthens against the RMB	-5%	(2,226)
<b>2011</b>		
If the Hong Kong dollar weakens against the RMB	+5%	2,097
If the Hong Kong dollar strengthens against the RMB	-5%	(2,097)

#### Credit risk

Our Group trades only with recognised and creditworthy third parties. It is our Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures.

---

## FINANCIAL INFORMATION

---

Since we trade only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within our Group as the trade receivables of our client bases are widely dispersed.

Our Group performs on-going credit evaluations of our clients' financial conditions. The provision for impairment of trade receivables is based upon a review of the expected collectability of all trade receivables.

### **Liquidity risk**

Our Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

## FINANCIAL INFORMATION

The tables below summarise the maturity profile of our Group's financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted payments:

	On demand <i>HK\$'000</i>	Less than 3 months <i>HK\$'000</i>	3 to 12 months <i>HK\$'000</i>	1 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Group</b>						
<b>31 December 2011</b>						
Trade payables	752	-	-	-	-	752
Other payables and accruals	-	7,440	-	-	-	7,440
Amounts due to directors	80	-	-	-	-	80
Amount due to a related company	878	-	-	-	-	878
Interest-bearing other borrowings	-	57	172	764	-	993
	<u>1,710</u>	<u>7,497</u>	<u>172</u>	<u>764</u>	<u>-</u>	<u>10,143</u>
<b>31 December 2012</b>						
Trade payables	2,100	-	-	-	-	2,100
Other payables	-	5,628	-	-	-	5,628
Amounts due to directors	80	-	-	-	-	80
Interest-bearing other borrowing	-	57	172	534	-	763
	<u>2,180</u>	<u>5,685</u>	<u>172</u>	<u>534</u>	<u>-</u>	<u>8,571</u>
<b>31 December 2013</b>						
Trade payables	1,130	-	-	-	-	1,130
Other payables	-	24,398	-	-	-	24,398
Interest-bearing other borrowing	-	39	177	315	-	531
	<u>1,130</u>	<u>24,437</u>	<u>177</u>	<u>315</u>	<u>-</u>	<u>26,059</u>
<b>Company</b>						
<b>31 December 2013</b>						
Amount due to a subsidiary	3,592	-	-	-	-	3,592
	<u>3,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,592</u>

### LISTING EXPENSES

The estimated expenses in relation to the Global Offering are approximately HK\$24.9 million, of which approximately HK\$9.5 million is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering in the year 2014. The remaining estimated listing expenses of approximately HK\$15.4 million, which cannot be so deducted, was or will be charged to profit or loss, of which approximately HK\$3.7 million was charged for the year ended

---

## **FINANCIAL INFORMATION**

---

31 December 2013; whereas approximately HK\$11.7 million is expected to be incurred before or upon completion of the Global Offering and to be recognised in the first half of 2014. This calculation is based on the mid-point of our indicative Offer Price range of HK\$1.00 to HK\$1.20 per Offer Share and the assumption that 100,000,000 Shares expected to be issued under the Global Offering and 400,000,000 Shares are issued and outstanding immediately following the Global Offering (assuming the Over-allotment Option is not exercised) and is subject to adjustment based on the actual amount incurred or to be incurred.

### **DIVIDEND AND DIVIDEND POLICY**

During the Track Record Period, interim dividend of approximately HK\$32.3 million, HK\$14.4 million and HK\$15.1 million were declared and paid by Earthasia (International) to our then shareholders. On 14 January 2014, we further declared on 14 January 2014 a dividend of HK\$35 million which will be paid from our internal resources to our then Shareholders prior to the Listing. The Board has absolute discretion in deciding whether to declare any dividend for any year, and if it decides to declare a dividend, how much is to be declared. Our Directors, having considered that using our internal resources to fund the dividend declared would not materially adversely affect our Group's operating cash flow, are of the view that the dividend declared is fair and reasonable and in the best interest of our Company and our Shareholders as a whole.

Subject to the Companies Law, our Memorandum of Association and the Articles of Association, our Directors may, by resolution, authorise a distribution to our Shareholders if our Directors are satisfied, on reasonable grounds, that immediately after the distribution we will be able to pay our debts as they fall due and the value of our assets will exceed our liabilities.

Cash dividends on our Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders by any means which our Directors deem legal, fair and practicable. It should be noted that historical dividend distributions, if any, are not indicative of our future dividend distribution policy.

Our distribution of dividends, in the future, if any, will depend on the results of our operations, cash flows, financial conditions, statutory and regulatory restrictions as aforementioned and other factors that we may consider relevant, and is subject to our discretion.

### **DISTRIBUTABLE RESERVE**

Our Company was incorporated on 25 November 2013. As at 31 December 2013, our Company had no reserves available for distribution to our Shareholders.

### **PROPERTY INTERESTS**

During the Track Record Period and up to the Latest Practicable Date, we had not owned any properties. For details related to our leased properties, please refer to the section headed "Business – Properties" in this prospectus.

---

## FINANCIAL INFORMATION

---

### UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an unaudited pro forma adjusted consolidated net tangible assets of our Group which is based on the audited consolidated net tangible assets of our Group attributable to the owners of our Company as at 31 December 2013 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, adjusted as described below. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group.

	Audited consolidated net tangible assets attributable to owners of our Company as at 31 December 2013 HK\$ in '000 <sup>(Note 1)</sup>	Estimated net proceeds from the Global Offering HK\$ in '000 <sup>(Note 2)</sup>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company HK\$ in '000	Unaudited pro forma adjusted consolidated net tangible assets per Share HK\$ <sup>(Note 3)</sup>
Based on Offer Price of HK\$ 1.00 per Offer Share	80,184	79,222	159,406	0.40
Based on Offer Price of HK\$ 1.20 per Offer Share	80,184	98,420	178,604	0.45

*Notes:*

1. The consolidated net tangible assets attributable to owners of our Company as of 31 December 2013, is equal to the audited consolidated net assets attributable to owners of our Company of HK\$85,715,000 as of 31 December 2013 less other intangible assets of HK\$1,542,000 and deferred tax assets of HK\$3,989,000 as of the same date.
2. The estimated net proceeds from the Global Offering are based in the offer price of HK\$1.00 to HK\$1.20 per share being the low end and high end of the state Offer Price range, after deduction of the underwriting fees and other related expenses payable by our Company, and do not take into account if any shares which may be issued upon the exercise of the Over-allotment Option.
3. The unaudited pro forma adjusted consolidated net tangible assets per share are determined after the adjustments as described in note (2) above and on the basis that 400,000,000 Shares (being the number of shares expected to be in issue immediately after completion of the Global Offering, without taking into account of any shares which may be issued upon the exercise of the Over-allotment Option) are issued and outstanding.
4. No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2013 including a dividend declared on 14 January 2014 of HK\$35,000,000 and share subscription by PBLA on 16 January 2014 of HK\$15,000,000.

---

## FINANCIAL INFORMATION

---

### SUBSEQUENT EVENT

On 2 January 2014, the assignment and transfer of 4,998 shares and 4,997 shares of Earthasia (Manila) from Mr. Chan and Mr. Lau to Earthasia (International), respectively at par were legally completed. As a result of such assignment and transfer, Earthasia (International) holds 99.95% of the total issued and outstanding share of Earthasia (Manila) and accordingly, Earthasia (Manila) became the subsidiary of our Company. Our Group acquired Earthasia (Manila) because Earthasia (Manila) has been providing back office support to our Group during the Track Record Period and given that it has been under the control of Mr. Lau and Mr. Chan, it is more appropriate to include Earthasia (Manila) into our Group.

The following table sets out the financial position of Earthasia (Manila) for each of the three years ended 31 December 2011, 2012 and 2013:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property and equipment	560	358	269
Deferred tax assets	–	–	21
Deposits	119	209	194
	<u>679</u>	<u>567</u>	<u>484</u>
<b>Current assets</b>			
Cash and bank balances	216	278	270
	<u>216</u>	<u>278</u>	<u>270</u>
<b>Current liabilities</b>			
Accruals and other payables	1,674	2,730	3,670
Tax payables	–	–	22
	<u>1,674</u>	<u>2,730</u>	<u>3,692</u>
<b>Net current liabilities</b>	<b><u>(1,458)</u></b>	<b><u>(2,452)</u></b>	<b><u>(3,422)</u></b>
Total assets less current liabilities	<u>(779)</u>	<u>(1,885)</u>	<u>(2,938)</u>
Net liabilities	<u>(779)</u>	<u>(1,885)</u>	<u>(2,938)</u>
<b>Equity</b>			
Share capital	11	189	189
Accumulated losses	(797)	(1,997)	(3,245)
Exchange fluctuation reserve	7	(77)	118
<b>Deficiency in assets</b>	<b><u>(779)</u></b>	<b><u>(1,885)</u></b>	<b><u>(2,938)</u></b>



---

## FINANCIAL INFORMATION

---

The following table sets out the key financial figures of Earthasia (Manila) for the year ended 31 December 2011, 2012 and 2013:

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3,312	7,742	9,468
Cost of sales	<u>(2,449)</u>	<u>(6,461)</u>	<u>(7,458)</u>
Gross profit	863	1,281	2,010
Administrative expenses	(864)	(1,281)	(2,007)
Other expenses	<u>(422)</u>	<u>(1,200)</u>	<u>(1,250)</u>
Loss before tax	<u>(423)</u>	<u>(1,200)</u>	<u>(1,247)</u>
Income tax expense	<u>–</u>	<u>–</u>	<u>(1)</u>
Loss for the year	<u><u>(423)</u></u>	<u><u>(1,200)</u></u>	<u><u>(1,248)</u></u>

### DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, save as disclosed above, they are not aware of any circumstances which would give rise to the disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

### LATEST DEVELOPMENT

Our business model, revenue and cost structure has remained unchanged since 31 December 2013.

Since 31 December 2013 and up to the Latest Practicable Date, we entered into 82 contracts with a total contract sum of approximately HK\$107.3 million for projects located in the PRC and seven contracts with a total contract sum of approximately HK\$5.6 million for contracts located in Hong Kong and Macau. Consistent with the Track Record Period, approximately 95.0% of the contract sum represented projects located in the PRC and approximately 5.0% represented projects located in Hong Kong and Macau. Our Directors, upon review of the unaudited management figures in terms of revenue, gross profit and gross profit margin for the four months ended 30 April 2014, confirm that there was slight growth recorded as compared to those of the preceding period.

Since 31 December 2013 and up to the Latest Practicable Date, save as disclosed in the paragraph headed “Listing expenses” in this section, we did not have any significant non-recurrent items in our consolidated statement of comprehensive income.

---

## FINANCIAL INFORMATION

---

### **NO MATERIAL ADVERSE CHANGE**

Save as disclosed in the paragraph headed “Listing expenses” in this section, our Directors have confirmed that after performing all the due diligence work which our Directors consider appropriate, there has been no material adverse change in our financial or trading position or prospects since 31 December 2013 and there has been no event since 31 December 2013 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report as set forth in Appendix I to this prospectus.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### FUTURE PLANS

Please see the section headed “Business – Business strategies” in this prospectus for further details of our future plans.

### USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$1.10 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.00 to HK\$1.20 per Offer Share, and assuming the Over-allotment Option is not exercised) will be approximately HK\$88.8 million. Our Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately HK\$35.5 million, representing approximately 40% of the net proceeds will be used for financing our planned capital expenditure in relation to expansion of our scope of services. We have yet to identify specific targets and means in order to facilitate the expansion of our service scope. Our Directors consider that landscape architecture companies with international exposure and experience and established local presence in the PRC together with relevant professional qualifications in their own industries would facilitate our expansion. For details, please refer to “Business – Business strategies” in this prospectus;
- approximately HK\$26.6 million, representing approximately 30% of the net proceeds will be used for financing our planned capital expenditure in relation to the establishment of new regional offices in the PRC. We intend to establish two regional offices in Shenzhen and Beijing. Considering the economic development in these regions and our client relationship, our Directors consider it appropriate to further establish two more regional offices to strengthen our market presence and client relationship. Our Directors consider the possibility to facilitate such establishment through acquisition of offices subject to the general market conditions in particular to the property market. In addition, the costs to be spent on these regional offices shall be depending on the means of acquisition and the property market condition. As at the Latest Practicable Date, we have yet to identify particular acquisition targets. Our Directors consider that given the property price may vary by district and size in these regions and the trend of property market is subject to various factors including government policies and economic environment, we will continue to look for suitable office premises as investment;
- approximately HK\$8.9 million, representing approximately 10% of the net proceeds will be used for financing the establishment of branch offices in relation to expansion of our business coverage into other regions of the PRC. It would cover renovation, staff, rental, information infrastructure, and other costs for the establishment of five new branch offices in Qingdao, Chongqing, Nanchang, Nanning and Hainan. We have yet to identify the properties to be leased and we intend to spend approximately HK\$1.8 million on each branch office. For details, please refer to the section headed “Business – Business strategies – Expand the coverage of our business in the PRC and Hong Kong” in this prospectus;

---

## FUTURE PLANS AND USE OF PROCEEDS

---

- approximately HK\$8.9 million, representing approximately 10% of the net proceeds will be used for strengthening our sales and advertising efforts through different channels including mass media, exhibitions, campaign and sponsorship of training programme in the landscape architecture service industry; and
- the remaining balance of approximately HK\$8.9 million, representing approximately 10% of the net proceeds, will be used for additional working capital and other general corporate purposes.

To the extent our net proceeds from the Global Offering are not sufficient to fund the purposes set out above, we intend to finance the balance through a variety of means, including cash generated from operations and bank financing. Our Directors are of the view that, subject to the market conditions and commercial negotiations with other parties, these purposes may be achieved within one year upon the Listing.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$1.20 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK\$9.6 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$1.00 per Offer Share, the net proceeds we receive from the Global Offering will decrease by approximately HK\$9.6 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by us, will be approximately (i) HK\$17.3 million, assuming the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$1.20 per Offer Share; (ii) HK\$15.8 million, assuming the Offer Price is fixed at the mid-point of the indicative Offer Price range, being HK\$1.10 per Offer Share; and (iii) HK\$14.4 million, assuming the Offer Price is fixed at the low-end of the indicative Offer Price range, being HK\$1.00 per Offer Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions or licensed banks in Hong Kong.

---

## UNDERWRITING

---

### **PUBLIC OFFER UNDERWRITERS**

#### **Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager**

GF Securities

#### **Co-Lead Managers**

Industrial Securities (Hong Kong) Capital Limited

RHB OSK Securities Hong Kong Limited

### **UNDERWRITING ARRANGEMENTS AND EXPENSES**

#### **The Public Offer**

##### ***Public Offer Underwriting Agreement***

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally and not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the International Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

##### ***Grounds for termination***

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Global Coordinator (on behalf of the Public Offer Underwriters) has the right, in its sole and absolute discretion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by giving notice in writing to our Company, if it sees fit upon the occurrence of any of the following events:

- (a) there has come to the notice of the Sole Global Coordinator:
  - (i) any breach of any of the warranties, obligations or undertakings imposed upon any party (other than the Sole Global Coordinator or any of the Underwriters) to any of the Underwriting Agreements; or

---

## UNDERWRITING

---

- (ii) any statement contained in this prospectus, the Application Forms, any supplemental offering materials, announcement, the formal notice to be published in connection with the Public Offer, the roadshow materials and any other documents published or issued by or on behalf of our Company, or the International Placing Underwriters for the purposes of or in connection with the Global Offering (“**Offer Documents**”) considered by the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering, was or has become or been discovered to be untrue, incorrect or misleading in any respect, or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the sole and absolute opinion of the Sole Global Coordinator, fair and honest and based on reasonable assumptions, when taken as a whole; or
- (iii) any person (other than the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or
- (iv) our Company withdraws any of the Offer Documents (or any document, other documents used in connection with the contemplated subscription and sale of Offer Shares) or the Global Offering; or
- (v) any event, act or omission which gives or is likely to give rise to any liability of the warranties under the Public Offer Underwriting Agreement pursuant to the indemnity provisions of the Public Offer Underwriting Agreement; or
- (vi) any change or development involving a prospective change in the business, assets, liabilities, conditions, business affairs, prospects, profits, losses or the financial or trading position or performance or management of our Group considered by the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering; or
- (vii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering; or
- (viii) approval by the Listing Committee of the listing of, and permission to deal in, our Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted (other than subject to customary conditions) or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (ix) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the

---

## UNDERWRITING

---

winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

- (x) a material portion of the orders in the bookbuilding process at the time the International Placing Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled; or
- (b) there shall develop, occur, exist or come into effect:
  - (i) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional, international, financial, political, economic, legal, military, industrial, fiscal, regulatory, currency, or market conditions (including, without limitation, any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures or matters) in or affecting Hong Kong or anywhere in the world; or
  - (ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any of Hong Kong, the PRC, the Philippines, the United States, the Cayman Islands, the BVI, the European Union (or any member thereof) or any other jurisdictions relevant to any member of our Group or the Global Offering (the “**Relevant Jurisdictions**”); or
  - (iii) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1) or such related or mutated forms) or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions; or
  - (iv) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or (B) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions or any other relevant jurisdiction, declared by the relevant authorities, or a

---

## UNDERWRITING

---

disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, in the case of either (A) or (B), in or affecting any of the Relevant Jurisdictions; or

- (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for the United States or the European Union (or any member thereof) on Hong Kong, the PRC, the Philippines, the Cayman Islands, the BVI, the European Union (or any member thereof) or any of the Relevant Jurisdictions; or
- (vi) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in any of the Relevant Jurisdictions or affecting an investment in our Shares; or
- (vii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (viii) the chairman or chief executive officer of our Company vacating his office; or
- (ix) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (x) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or
- (xi) non-compliance with this prospectus (and/or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or
- (xii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xiii) an event where, as a result of market conditions or otherwise, a material portion of the orders in the bookbuilding process at the time the International Placing Underwriting Agreement is entered into, has been withdrawn or cancelled and the Sole Global Coordinator, in its absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or
- (xiv) any litigation or claim being threatened or instigated against any member of our Group; or



---

## UNDERWRITING

---

- (xv) any of our Directors, any senior management members of our Company as set out in the “Directors, senior management and employees” section of this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political or regulatory body of any action against any of the said Directors and senior management members in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or
- (xvi) any contravention by any Controlling Shareholders as warrantor, any member of Our Group or any Director of the Companies (Winding up and Miscellaneous Provisions) Ordinance, the SFO or any of the Listing Rules; or
- (xvii) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules,

which in each case or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters):

- (a) is or will or could be expected to have a material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects or risks of our Company or our Group or any member of our Group or on any present or prospective shareholder in his, her or its capacity as such; or
- (b) has or will have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Public Offer or the level of interest under the International Placing; or
- (c) makes it or may make it impracticable, inadvisable or inexpedient to proceed with or to market the Public Offer and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms or the formal notice or shall otherwise result in an interruption to or delay thereof; or
- (d) has or will have the effect of making any part of the Underwriting Agreements incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

### **Undertakings to the Stock Exchange under the Listing Rules**

#### ***Undertakings by us***

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, except pursuant to the Capitalisation Issue, the Global Offering, the Over-allotment Option and the Share Option Scheme as described and contained in this prospectus, no further Shares or securities convertible into our

---

## UNDERWRITING

---

equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as permitted by Rule 10.08(1) to (5) of the Listing Rules.

### *Undertakings by our Controlling Shareholders*

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company respectively that, except pursuant to the Stock Borrowing Agreement, the Global Offering and the Over-allotment Option as described and contained in this prospectus, it/he shall not and shall procure that the relevant registered shareholder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he is shown by this prospectus to be the beneficial owners; or
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company respectively that, within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

- (a) when it/he pledges or charges any Shares beneficially owned by it/him in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when it/he receive indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

---

## UNDERWRITING

---

### Undertakings to our Company and the Sponsor

#### *Undertakings by Pubang Group*

Each of PBLA, Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong, who is interested in 34.35% of the equity interest of Pubang, has undertaken to us that it/he will be subject to lock-up of six months from the Listing Date. For details, please refer to the section headed “Relationship with Pubang Group – Pre-IPO Investment of Pubang in our Group” in this prospectus.

### Undertakings pursuant to the Public Offer Underwriting Agreement

#### *Undertakings by us*

Except for the issue of Shares pursuant to the Global Offering, the Capitalisation Issue (including pursuant to the Over-allotment Option) and options which may be granted under the Share Option Scheme or as otherwise with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time after the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), we have, pursuant to the Public Offer Underwriting Agreement, undertaken to the Sole Global Coordinator (acting on behalf of all the Public Offer Underwriters) that:

- (a) our Company will not, and will procure that our subsidiaries will not, offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any options, warrants or other rights to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase, any of its share capital, debt capital or any securities of our Company or any of our subsidiaries or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or securities or interest therein, as applicable);
- (b) our Company will not, and will procure that our subsidiaries will not, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein;
- (c) our Company will not, and will procure that our subsidiaries will not, enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or
- (d) our Company will not, and will procure that our subsidiaries will not, agree or contract to, or publicly announce any intention to enter into any transaction described in paragraph (a), (b) or (c) above;

---

## UNDERWRITING

---

whether any of the foregoing transactions described in paragraph (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise; and

- (e) our Company will ensure that if any of the transactions in paragraph (a), (b) or (c) above is entered into or agreed to be entered into during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

### *Undertakings by our Controlling Shareholders*

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has undertaken jointly and severally to each of the Sole Sponsor, the Sole Lead Manager, the Sole Global Coordinator, our Company and the Public Offer Underwriters that:

- (i) at any time during the First Six-Month Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Sole Global Coordinator and unless pursuant to the Stock Borrowing Agreement and/or the Share Option Scheme or otherwise in compliance with the requirements of the Listing Rules, (a) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, any of the share capital of our Company or any securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein; (c) enter or agree to enter into, conditionally or unconditionally, or effect any of the transaction with the same economic effect as any transaction referred to in (a) or (b) above; or (d) agree, or contract to, or publicly announce any intention to enter into or effect any of the transaction referred to in (a), (b) or (c) above;

whether any of the foregoing transactions described in paragraph (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so; and

- (ii) at any time during the Second Six-Month Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates or companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Sole Global Coordinator and unless pursuant to the Stock Borrowing Agreement and/or the Share Option Scheme or otherwise in compliance with the Listing Rules, enter into any of the foregoing transactions in paragraph (i) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transfer or disposal

---

## UNDERWRITING

---

or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of our Company or would together with the other Controlling Shareholders cease to be, or regarded as, controlling shareholders of our Company;

- (iii) at any time before the expiry of the Second Six-Month Period, in the event that he/it enters into any transaction referred to in paragraph (i) above or agrees or contracts to or publicly announces an intention to enter into such transactions, he/it shall take all reasonable steps to ensure that such action shall not create a disorderly or false market for any Shares or other securities of our Company; and
- (iv) he/it shall, and shall procure that its associates and companies controlled by him/it and nominees or trustees holding in trust for him/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/it or by the registered holder controlled by him/it of any Shares.

Each of our Controlling Shareholders has further undertaken jointly and severally to each of the Sole Sponsor, Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) and our Company, during the first twelve months from the Listing Date, he/it will:

- (i) when he/it pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which he/it is the beneficial owner, immediately inform our Company, the Sole Sponsor, the Sole Lead Manager and the Sole Global Coordinator in writing of such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and
- (ii) when he/it receives any indication, whether verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor, the Sole Lead Manager and the Sole Global Coordinator in writing of such indications.

We will inform the Stock Exchange as soon as we have been informed of any of the above matters (if any) by our Controlling Shareholders and disclose such matters by way of a press announcement in accordance with Rule 2.07C of the Listing Rules.

### **The International Placing**

In connection with the International Placing, it is expected that our Company will enter into the International Placing Underwriting Agreement with, inter alia, the International Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the International Placing Underwriting Agreement, the International Placing Underwriters will severally agree to subscribe or purchase or procure subscribers or purchasers for the International Placing Shares being offered pursuant to the International Placing.

---

## UNDERWRITING

---

Our Company will grant to the Sole Global Coordinator the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Placing Underwriters at any time from the date of the Price Determination Date until 30 days after the last date for the lodging of applications under the Public Offer, to require our Company to allot and issue up to an aggregate of 15,000,000 additional Shares representing 15% of the number of Offer Shares initially offered under the Global Offering, at the same price per Share under the International Placing to cover over-allocations (if any) in the International Placing.

### **Commissions and expenses**

The Underwriters will receive an underwriting commission at the rate of 3% of the aggregate Offer Price payable for the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option, if any), out of which they will pay any sub-underwriting commissions. Furthermore, our Company agrees, at its discretion, to pay to the Sole Global Coordinator a discretionary incentive fee of up to 2% of the aggregate Offer Price payable for the Offer Shares (excluding the Shares to be issued pursuant to the Over-allotment Option, if any). The underwriting commission (not taking into account the aforesaid incentive fee), together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, is currently estimated to be approximately HK\$24.9 million in aggregate (based on an Offer Price of HK\$1.10 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.00 and HK\$1.20 per Offer Share and based on the assumption that the Over-allotment Option is not exercised) and is paid or payable by our Company.

### **UNDERWRITERS' INTERESTS IN OUR COMPANY**

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

### THE GLOBAL OFFERING

This prospectus is published in connection with the Public Offer as part of the Global Offering. GF Capital is the Sole Sponsor and GF Securities is the Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager.

The Global Offering consists of (subject to reallocation and the Over-allotment Option):

- the Public Offer of 10,000,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below under the section headed “Structure and conditions of the Global Offering – The Public Offer”; and
- the International Placing of 90,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S of the U.S. Securities Act as described below under the section headed “Structure and conditions of the Global Offering – The International Placing”.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act. The International Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Public Offer and the International Placing respectively may be subject to reallocation as described in the section headed “Structure and conditions of the Global Offering – Pricing and allocation”.

### PRICING AND ALLOCATION

#### Offer Price

The Offer Price will be not more than HK\$1.20 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

#### Price payable on application

Applicants under the Public Offer must pay, on application, the maximum indicative Offer Price of HK\$1.20 per Public Offer Share plus a 1% brokerage fee, a 0.003% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK\$2,424.19 for one board lot of 2,000 Shares. Each

---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

Application Form includes a table showing the exact amount payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK\$1.20, appropriate refund payments (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. See the section headed “How to apply for Public Offer Shares – Refund of application monies” in this prospectus.

### **Determining the Offer Price**

The International Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about Tuesday, 17 June 2014.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Tuesday, 17 June 2014 and in any event, no later than Monday, 23 June 2014.

**If, for any reason, our Company and the Sole Global Coordinator (on behalf of the Underwriters) are unable to reach agreement on the Offer Price at or before 12:00 noon on Monday, 23 June 2014, the Global Offering will not proceed and will lapse.**

### **Reduction in Offer Price range and/or number of Offer Shares**

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters) considers it appropriate and together with our consent, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published in The Standard (in English) and Hong Kong Economic Journal (in Chinese) notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed “Summary” and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

**Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the**



---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

**Public Offer.** Applicants under the Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the indicative Offer Price range and/or number of Offer Shares is so reduced.

### **Allocation**

The Shares to be offered in the Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of the Offer Shares pursuant to the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell the Shares after Listing. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of the Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

### **Announcement of final Offer Price and basis of allocations**

The applicable final Offer Price, the level of indications of interest in the International Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Tuesday, 24 June 2014 in The Standard (in English) and Hong Kong Economic Journal (in Chinese).

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service, will be made available through a variety of channels as described in the section headed "How to apply for Public Offer Shares – Publication of results" in this prospectus.

---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

### CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be made available pursuant to the Capitalisation Issue, the exercise of the Over-allotment Option and any Shares which may fall to be issued upon the exercise of the options which may be granted under the Share Option Scheme);
- the Offer Price having been duly agreed on or about the Price Determination Date;
- the execution and delivery of the International Placing Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Underwriters under the International Placing Underwriting Agreement and the Public Offer Underwriting Agreement having become unconditional and not having been terminated in accordance with their respective terms,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

The consummation of each of the Public Offer Underwriting Agreement and the International Placing Underwriting Agreement is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will cause to be published by us in The Standard (in English) and Hong Kong Economic Journal (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to apply for Public Offer Shares – Refund of application monies” in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

**Share certificates for the Offer Shares are expected to be issued on Tuesday, 24 June 2014 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 25 June 2014, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination” in this prospectus has not been exercised.**

---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

### THE PUBLIC OFFER

#### Number of Shares initially offered

Our Company is initially offering 10,000,000 Shares at the Offer Price, representing 10% of the 100,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 2.5% of the total issued share capital of our Company immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions set out in the section headed “Structure and conditions of the Global Offering – Conditions of the Public Offer” above.

#### Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 5,000,000 Public Offer Shares and Pool B will comprise 5,000,000 Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 5,000,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

#### Reallocation

The allocation of the Shares between the Public Offer and the International Placing is subject to adjustment. If the number of Shares validly applied for in the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Public Offer, the total number of Shares available under the Public Offer will be increased to 30,000,000, 40,000,000 and 50,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Global Offering (before any exercise of the Over-allotment

---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

Option). In such cases, the number of Shares allocated in the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Shares will be allocated to Pool A and Pool B equally.

If the Public Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Placing to the Public Offer to satisfy valid applications under the Public Offer.

The Offer Shares to be offered in the Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

### **Applications**

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

### **THE INTERNATIONAL PLACING**

#### **Number of Offer Shares initially offered**

The number of Shares to be initially offered for subscription under the International Placing will be 90,000,000 Shares, representing 90% of the Offer Shares under the Global Offering. The International Placing is subject to the Public Offer becoming unconditional.

#### **Allocation**

Pursuant to the International Placing, the International Placing Underwriters will conditionally place the Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S of the U.S. Securities Act. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in paragraph headed "Pricing and allocation" above and based on a number of factors, including the level and timing of demand, total size of

---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

### OVER-ALLOTMENT OPTION

Our Company is expected to grant to the International Placing Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Placing Underwriters at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging of applications under the Public Offer. A press announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, our Company may be required to issue up to 15,000,000 Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Placing, if any. The Sole Global Coordinator may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, regulations and rules.

### STOCK BORROWING AGREEMENT

GF Securities, as the Stabilising Manager, or any person acting for it may choose to borrow Shares from LSBJ, under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with LSBJ will only be effected by the Stabilising Manager for settlement of over-allocations in the International Placing and covering any short position prior to the exercise of the Over-allotment Option;
- the maximum number of Shares borrowed from LSBJ under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to LSBJ or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to LSBJ by the Stabilising Manager or its authorised agents in relation to such stock borrowing arrangement.

---

## STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

---

### STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, GF Securities, as the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by the applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely, 15,000,000 Shares, which is 15% of the number of Offer Shares initially available under the Global Offering.

Stabilising action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilisation and stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;

---

## **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

---

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the last business day immediately before the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Stabilising Manager may over-allocate up to and not more than an aggregate of 15,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Stabilising Manager may borrow up to 15,000,000 Shares from LSBJ, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement.

### **SHARES WILL BE ELIGIBLE FOR CCASS**

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **DEALING ARRANGEMENTS**

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 25 June 2014, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 25 June 2014. The Shares will be traded in board lots of 2,000 Shares.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

### 1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.



---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 12 June 2014 until 12:00 noon on Tuesday, 17 June 2014 from:

- (i) any of the following offices of the Public Offer Underwriters:
  - (a) **GF Securities (Hong Kong) Brokerage Limited** at 29-30/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong
  - (b) **Industrial Securities (Hong Kong) Capital Limited** at Unit 3201, 32/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
  - (c) **RHB OSK Securities Hong Kong Limited** at 12/F, World Wide House, 19 Des Voeux Road Central, Hong Kong

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

(ii) any of the following branches of The Bank of East Asia, Limited:

<b>District</b>	<b>Branch Name</b>	<b>Address</b>
<b>Hong Kong Island</b>	Causeway Bay Branch	46 Yee Wo Street, Causeway Bay
	Chai Wan Branch	345 Chai Wan Road, Chai Wan
	Kennedy Town Branch	Shop D, G/F, 108 Belcher's Street, Kennedy Town
<b>Kowloon</b>	Mongkok Branch	638-640 Nathan Road, Mongkok
	Kwun Tong Branch	7 Hong Ning Road, Kwun Tong
	Wong Tai Sin Branch	Shop UG15, Upper Ground Floor, Wong Tai Sin Plaza, Wong Tai Sin
<b>New Territories</b>	Shatin Plaza Branch	Shop 3-4, Level 1, Shatin Plaza, Shatin
	Tai Po Branch	62-66 Po Heung Street, Tai Po Market, Tai Po
	Metro City Plaza Branch	Shop 243, Level 2, Metro City Plaza I, 1 Wan Hang Road, Tseung Kwan O
	Ha Kwai Chung Branch	202 Hing Fong Road, Kwai Chung

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 12 June 2014 until 12:00 noon on Tuesday, 17 June 2014 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

### **Time for Lodging Application Forms**

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "The Bank of East Asia (Nominees) Limited – Earthasia International Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

<b>Thursday, 12 June 2014</b>	–	<b>9:00 a.m. to 5:00 p.m.</b>
<b>Friday, 13 June 2014</b>	–	<b>9:00 a.m. to 5:00 p.m.</b>
<b>Saturday, 14 June 2014</b>	–	<b>9:00 a.m. to 1:00 p.m.</b>
<b>Monday, 16 June 2014</b>	–	<b>9:00 a.m. to 5:00 p.m.</b>
<b>Tuesday, 17 June 2014</b>	–	<b>9:00 a.m. to 12:00 noon</b>

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 17 June 2014, the last application day or such later time as described in the paragraph headed "Effect of bad weather on the opening of the application lists" in this section.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form**, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters nor any

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

### **Additional Instructions for Yellow Application Form**

You may refer to the **YELLOW** Application Form for details.

## **5. APPLYING THROUGH HK eIPO WHITE FORM**

### **General**

Individuals who meet the criteria in the paragraph headed “Who can apply”, may apply through the **HK eIPO White Form** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.

### **Time for Submitting Applications under the HK eIPO White Form**

You may submit your application through the **HK eIPO White Form** at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 12 June 2014 until 11:30 a.m. on Tuesday, 17 June 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 17 June 2014 or such later time under the paragraph headed “Effects of bad weather on the opening of the application lists” in this section.

### **No Multiple Applications**

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** or by any other means, all of your applications are liable to be rejected.

### **Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited  
Customer Service Center  
2nd Floor, Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

#### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

- (ii) HKSCC Nominees will do the following things on your behalf:
- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Public Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
  - declare that only one set of **electronic application instructions** has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
  - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
  - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
  - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
  - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
  - agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
  - agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or its respective advisors and agents;

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.



---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Public Offer Shares. Instructions for more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

<b>Thursday, 12 June 2014</b>	–	<b>9:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Friday, 13 June 2014</b>	–	<b>8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Saturday, 14 June 2014</b>	–	<b>8:00 a.m. to 1:00 p.m.<sup>(1)</sup></b>
<b>Monday, 16 June 2014</b>	–	<b>8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Tuesday, 17 June 2014</b>	–	<b>8:00 a.m.<sup>(1)</sup> to 12:00 noon</b>

*Note:*

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 12 June 2014 until 12:00 noon on Tuesday, 17 June 2014 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 17 June 2014, the last application day or such later time as described in the paragraph headed “Effect of bad weather on the opening of the application lists” in this section.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### **Personal Data**

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## **7. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Bookrunner, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** will be allotted any Public Offer Shares.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 17 June 2014.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** in respect of a minimum of 2,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and conditions of the Global Offering”.

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 17 June 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 17 June 2014 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” in this prospectus, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 24 June 2014 in The Standard (in English) and Hong Kong Economic Journal (in Chinese) and on our Company’s website at **www.ea-dg.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.ea-dg.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 24 June 2014;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 24 June 2014 to 12:00 midnight on Monday, 30 June 2014;
- by telephone enquiry line by calling 3691-8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 24 June 2014 to Friday, 27 June 2014 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 24 June 2014 to Thursday, 26 June 2014 at all the receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form**, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer set out in the section headed “Structure and conditions of the Global Offering – Conditions of the Global Offering” in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 24 June 2014.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Tuesday, 24 June 2014. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 25 June 2014 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

### **Personal Collection**

#### ***(i) If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 24 June 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 24 June 2014, by ordinary post and at your own risk.

#### ***(ii) If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 24 June 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 24 June 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.



---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you apply as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 24 June 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

***(iii) If you apply through the HK eIPO White Form***

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 24 June 2014, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 24 June 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

(iv) *If you apply via Electronic Application Instructions to HKSCC*

*Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 24 June 2014, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "Publication of results" above on Tuesday, 24 June 2014. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 24 June 2014 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 24 June 2014. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC

---

## HOW TO APPLY FOR PUBLIC OFFER SHARES

---

transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 24 June 2014.

### **15. ADMISSION OF THE SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants Ernst & Young, Certified Public Accountants, Hong Kong.*



22/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong  
Tel:+852 2846 9888  
Fax:+852 2846 4432  
www.ey.com

12 June 2014

The Board of Directors  
Earthasia International Holdings Limited

GF Capital (Hong Kong) Limited

Dear Sirs,

We set out below our report on the financial information of Earthasia International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) comprising the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2011, 2012 and 2013 (the “Relevant Periods”), and the consolidated statement of financial position of the Group as at 31 December 2011, 2012 and 2013, and the statement of financial position of the Company as at 31 December 2013, together with the notes thereto (the “Financial Information”), prepared on the basis set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 12 June 2014 (the “Prospectus”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 November 2013. Pursuant to a group reorganisation (the “Reorganisation”) as set out in “Reorganisation” in the Prospectus, which was completed on 27 December 2013, the Company became the holding company of the other subsidiaries comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as the Company has not been involved in any significant business transaction other than the Reorganisation described above and it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Relevant Periods, the Company had direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now

comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs"), which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2011, 2012 and 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

### **DIRECTORS' RESPONSIBILITY**

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

### **REPORTING ACCOUNTANTS' RESPONSIBILITY**

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

### **OPINION IN RESPECT OF THE FINANCIAL INFORMATION**

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2011, 2012 and 2013, and the state of affairs of the Company as at 31 December 2013, and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

## I. FINANCIAL INFORMATION

## 1. Consolidated statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December		
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
<b>REVENUE</b>	4	179,232	172,405	217,048
Cost of sales		<u>(80,981)</u>	<u>(88,036)</u>	<u>(97,790)</u>
<b>GROSS PROFIT</b>		<b>98,251</b>	<b>84,369</b>	<b>119,258</b>
Other income and gains	4	1,267	8,752	6,143
Selling and marketing expenses		(6,357)	(4,912)	(6,007)
Administrative expenses		(41,505)	(48,527)	(62,736)
Finance costs	6	(52)	(507)	(57)
Other expenses		<u>(3,653)</u>	<u>(4,297)</u>	<u>(2,387)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>47,951</b>	<b>34,878</b>	<b>54,214</b>
Income tax expense	9	<u>(13,632)</u>	<u>(8,934)</u>	<u>(16,446)</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>34,319</u></b>	<b><u>25,944</u></b>	<b><u>37,768</u></b>
Attributable to:				
Owners of the parent		34,319	25,944	37,893
Non-controlling interests		<u>-</u>	<u>-</u>	<u>(125)</u>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		<u>2,358</u>	<u>(24)</u>	<u>1,505</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>36,677</u></b>	<b><u>25,920</u></b>	<b><u>39,273</u></b>
Attributable to:				
Owners of the parent	10	36,677	25,920	39,400
Non-controlling interests		<u>-</u>	<u>-</u>	<u>(127)</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	12			
Basic				
- For profit for the year		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Details of the dividends proposed for the Relevant Periods are disclosed in note 11 to the financial statements.

## 2. Consolidated statement of financial position

		As at 31 December		
		2011	2012	2013
	Notes	HK\$'000	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>				
Property and equipment	13	6,642	6,894	5,963
Intangible asset	14	1,443	1,583	1,542
Deposits	18	188	160	1,333
Deferred tax assets	15	1,804	2,412	3,989
		<u>10,077</u>	<u>11,049</u>	<u>12,827</u>
Total non-current assets				
<b>CURRENT ASSETS</b>				
Amounts due from customers for				
contract works	16	46,019	61,673	64,056
Trade receivables	17	19,458	23,809	48,069
Prepayments, deposits and				
other receivables	18	3,952	7,079	11,487
Amounts due from related companies	30	3	167	–
Amounts due from directors	23	322	111	52
Tax recoverable		307	2,882	1,833
Cash and bank balances	19	50,957	27,854	64,364
		<u>121,018</u>	<u>123,575</u>	<u>189,861</u>
Total current assets				
<b>CURRENT LIABILITIES</b>				
Trade payables	20	752	2,100	1,130
Other payables and accruals	21	9,410	7,596	29,216
Interest-bearing other borrowing	22	161	177	184
Amounts due to customers for				
contract works	16	60,330	50,909	59,641
Amounts due to directors	23	80	80	–
Amount due to a related company	30	878	–	–
Tax payable		7,131	9,940	22,833
		<u>78,742</u>	<u>70,802</u>	<u>113,004</u>
Total current liabilities				
<b>NET CURRENT ASSETS</b>		<u>42,276</u>	<u>52,773</u>	<u>76,857</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>52,353</u>	<u>63,822</u>	<u>89,684</u>

continued/...

		As at 31 December		
		2011	2012	2013
	Notes	HK\$'000	HK\$'000	HK\$'000
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	15	1,786	1,912	3,482
Interest-bearing other borrowing	22	<u>657</u>	<u>480</u>	<u>296</u>
Total non-current liabilities		<u>2,443</u>	<u>2,392</u>	<u>3,778</u>
<b>NET ASSETS</b>		<b><u>49,910</u></b>	<b><u>61,430</u></b>	<b><u>85,906</u></b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent:</b>				
Issued capital	24	–	–	–
Reserves	25	<u>49,910</u>	<u>61,430</u>	<u>85,715</u>
		<b>49,910</b>	<b>61,430</b>	<b>85,715</b>
<b>Non-controlling interest</b>		<u>–</u>	<u>–</u>	<u>191</u>
<b>TOTAL EQUITY</b>		<b><u>49,910</u></b>	<b><u>61,430</u></b>	<b><u>85,906</u></b>



## 3. Consolidated statement of changes in equity

	Attributable to owners of the parent							Non-controlling interest	Total equity
	Notes	Issued capital	Capital reserve* <i>(note 25)</i>	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2011		-	5	1,143	726	43,613	45,487	-	45,487
Profit for the year		-	-	-	-	34,319	34,319	-	34,319
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		-	-	-	2,358	-	2,358	-	2,358
Total comprehensive income for the year		-	-	-	2,358	34,319	36,677	-	36,677
Dividend	11	-	-	-	-	(32,254)	(32,254)	-	(32,254)
Transfer from retained profits		-	-	832	-	(832)	-	-	-
At 31 December 2011 and at 1 January 2012		-	5	1,975	3,084	44,846	49,910	-	49,910
Profit for the year		-	-	-	-	25,944	25,944	-	25,944
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations		-	-	-	(24)	-	(24)	-	(24)
Total comprehensive income for the year		-	-	-	(24)	25,944	25,920	-	25,920
Dividend	11	-	-	-	-	(14,400)	(14,400)	-	(14,400)
At 31 December 2012 and at 1 January 2013		-	5	1,975	3,060	56,390	61,430	-	61,430
Profit for the year		-	-	-	-	37,893	37,893	(125)	37,768
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		-	-	-	1,507	-	1,507	(2)	1,505
Total comprehensive income for the year		-	-	-	1,507	37,893	39,400	(127)	39,273
Capital injection from a non-controlling interest		-	-	-	-	-	-	318	318
Dividend	11	-	-	-	-	(15,115)	(15,115)	-	(15,115)
At 31 December 2013		-	5	1,975	4,567	79,168	85,715	191	85,906

\* These reserve accounts comprise the consolidated reserves of HK\$85,715,000, HK\$61,430,000, HK\$49,910,000 in the consolidated statements of financial position as at 31 December 2013, 2012 and 2011, respectively.

## 4. Consolidated statement of cash flows

	Notes	Year ended 31 December		
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		47,951	34,878	54,214
Adjustments for:				
Finance costs	6	52	507	57
Gain on bargain purchase	26	–	(7,930)	–
Interest income	4	(1,034)	(306)	(146)
(Gain)/loss on disposal of items of property and equipment	5	(78)	8	327
Depreciation	13	2,046	2,429	2,758
Amortisation of intangible asset	14	416	538	641
Impairment of trade receivables	5	2,308	3,103	1,991
Impairment of amounts due from customers for contract works		274	783	1,822
		<u>51,935</u>	<u>34,010</u>	<u>61,664</u>
Increase in amounts due from customers for contract works		(9,175)	(10,290)	(4,096)
(Increase)/decrease in trade receivables		2,091	2,494	(27,015)
(Increase)/decrease in prepayments, deposits and other receivables		19,468	(2,294)	(4,657)
(Increase)/decrease in amounts due from related companies		603	(164)	26
(Increase)/decrease in amounts due from directors		(329)	296	57
Increase/(decrease) in trade payables		(1,427)	663	(946)
Increase/(decrease) in other payables and accruals		6,097	(2,245)	7,169
Increase/(decrease) in amounts due to customers for contract works		(1,502)	(10,800)	10,241
Decrease in amounts due to directors		–	–	(80)
Increase/(decrease) in amount due to a related company		921	(878)	–
		<u>68,682</u>	<u>10,792</u>	<u>42,363</u>
Cash generated from operations		<u>68,682</u>	<u>10,792</u>	<u>42,363</u>
Profits tax paid		<u>(17,648)</u>	<u>(10,018)</u>	<u>(2,413)</u>
<b>Net cash flows from operating activities</b>		<b><u>51,034</u></b>	<b><u>774</u></b>	<b><u>39,950</u></b>

continued/...

	<i>Notes</i>	Year ended 31 December		
		2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received		1,034	306	146
Purchases of items of property and equipment	13	(4,404)	(2,286)	(1,972)
Proceeds from disposal of items of property and equipment		456	22	1
Purchase of a subsidiary	26	–	(6,400)	–
Additions to intangible asset	14	(838)	(488)	(557)
<b>Net cash flows used in investing activities</b>		<b>(3,752)</b>	<b>(8,846)</b>	<b>(2,382)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Capital injection by a non-controlling interest		–	–	318
Increase in other payable		–	–	15,000
New other loan		745	–	–
Repayment of a loan		(81)	(131)	(143)
Dividends paid		(32,254)	(14,400)	(15,115)
Interest paid		(52)	(507)	(57)
<b>Net cash flows from/(used in) financing activities</b>		<b>(31,642)</b>	<b>(15,038)</b>	<b>3</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		<b>15,640</b>	<b>(23,110)</b>	<b>37,571</b>
Cash and cash equivalents at beginning of year		37,286	50,957	27,854
Effect of foreign exchange rate changes, net		(1,969)	7	(1,061)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	19	<b>50,957</b>	<b>27,854</b>	<b>64,364</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances as stated in the consolidated statements of financial position		<b>50,957</b>	<b>27,854</b>	<b>64,364</b>

## 5. Statement of financial position of the Company

		<b>31 December 2013</b>
	<i>Notes</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	<i>1</i>	<u>5,854</u>
Total non-current assets		<u>5,854</u>
<b>CURRENT ASSETS</b>		
Prepayment	<i>18</i>	<u>897</u>
Total current assets		<u>897</u>
<b>CURRENT LIABILITIES</b>		
Amount due to a subsidiary	<i>30</i>	<u>3,592</u>
Total current liabilities		<u>3,592</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,695)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS</b>		<u><u>3,159</u></u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent:</b>		
Issued capital	<i>24</i>	–
Reserves	<i>25</i>	<u>3,159</u>
<b>TOTAL EQUITY</b>		<u><u>3,159</u></u>

## II. NOTES TO FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

The Company is incorporated as an exempted company with limited liability in the Cayman Islands on 25 November 2013. The registered office address of the Company is registered at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

During the Relevant Periods, the principal activities of the Company and its subsidiaries (collectively the "Group") were landscape architecture in Hong Kong and the mainland China of the People's Republic of China (the "PRC"). There were no significant changes in the nature of the Group's principal activities during the Relevant Periods.

As at the end of the Relevant Periods, the Company had direct and indirect interests in the following subsidiaries, all of which are private limited liability companies in Hong Kong (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment and business	Nominal value of issued ordinary share capital/paid-up/ registered capital as at 31 December 2013	Percentage of equity to the Company as at 31 December			Principal activities
			2011	2012	2013	
Earthasia Holdings Limited <sup>3</sup> ("EA BVI")	British Virgin Islands 27 November 2013	US\$100	NA	NA	100.00%	Investment holding
Earthasia (International) Limited <sup>1</sup> ("EAI")	Hong Kong 2 June 2004	HK\$5,000	100.00%	100.00%	100.00%	Landscape architecture
泛亞景觀設計(上海)有限公司 <sup>2</sup> Earthasia (Shanghai) Co., Ltd. <sup>#</sup>	PRC/Mainland China 9 December 2004	US\$490,000	100.00%	100.00%	100.00%	Landscape architecture
Earthasia Limited <sup>1</sup>	Hong Kong 27 February 1981	HK\$10,000	N/A	100.00%	100.00%	Landscape architecture
泛亞景觀設計(廣州)有限公司 <sup>4</sup> ("Earthasia (Guangzhou) Co., Ltd.") <sup>#</sup>	PRC/Mainland China 30 July 2013	RMB1,000,000	NA	NA	100.00%	Dormant
泛亞國際環境設計(廈門)有限公司 <sup>4</sup> ("Earthasia (Xiamen) Co., Ltd.") <sup>#</sup>	PRC /Mainland China 5 March 2013	RMB1,000,000	NA	NA	75.00%	Landscape architecture
EA Group International, Inc. <sup>5</sup>	Philippines 16 October 2007	PHP1,000,000	NA	NA	99.95%	Design and drawing support services
泛亞城市規劃設計(上海)有限公司 <sup>4</sup> Earthasia Design (Shanghai) Co., Ltd. <sup>#</sup>	PRC/Mainland China 20 November 2013	RMB1,000,000	NA	NA	100.00%	Landscape architecture

Other than EA BVI, the subsidiaries are held indirectly by the Company.

Earthasia (Shanghai) Co., Ltd. and Earthasia (Guangzhou) Co., Ltd. are wholly foreign-owned investment enterprise and their registered capital was fully paid up at 31 December 2013.

<sup>#</sup> *The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they do not register any official English names.*

- <sup>1</sup> The statutory financial statements of these entities for the years ended 31 December 2011 and 2012 prepared under HKFRSs were audited by Katon CPA Limited, a firm of certified public accountants registered in Hong Kong. No audited financial statements have been prepared for these entities for the year ended 31 December 2013.
- <sup>2</sup> The statutory financial statements for the year ended 31 December 2011 of this entity prepared under PRC generally accepted accounting principles were audited by 京都天華會計師事務所有限公司上海分所 (Jingdu Tianhua Certified Public Accountants Co., Ltd, Shanghai Branch) and those for the years ended 31 December 2012 and 2013 were audited by 致同會計師事務所(特殊普通合夥)上海分所 (Grant Thornton LLP, Shanghai Branch) for the years ended 2012 and 2013, firms of certified public accountants registered in the PRC.
- <sup>3</sup> No statutory financial statements have been prepared by the entity as it is not subject to any statutory audit requirement under the relevant rules and regulations in its jurisdiction of incorporation.
- <sup>4</sup> No audited financial statements have been prepared for these entities because they were newly established.
- <sup>5</sup> The audited financial statements for the years ended 31 December 2011, 2012 and 2013 for this entity have been prepared under Philippine generally accepted accounting principles and were audited by Corazon Repato-Ladiza, Evangeline Delos Santos and Evangeline Delos Santos, certified public accountants in Philippines, respectively.

The statutory financial statements of EAI for years ended 31 December 2011 and 2012 have been qualified for not presenting consolidated financial statements which is not in compliance with Hong Kong Financial Reporting Standards. For the preparation of this report, EAI and its subsidiaries have been consolidated to the Group's Financial Information for the years ended 31 December 2011, 2012 and 2013. Accordingly, the qualification of the statutory financial statements of EAI does not have impact on the Financial Information.

## 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the sub-section headed "Reorganisation" in the section headed "History and Corporate Structure" in the Prospectus, the Company incorporated EA BVI on 27 November 2013, which further acquired the entire shares in Earthasia (International) Limited, the holding company of then companies now comprising the Group, in consideration and in exchange for 5,000 shares in the Company.

As the Reorganisation only involved inserting new holding entities at the top of an existing company (i.e. EAI) and has not resulted in any change of economic substances, the Financial Information for the Relevant Periods has been presented as a continuation of the existing company using the pooling of interests method. Pursuant to the Reorganisation in November 2013, the Company and EA BVI were incorporated and interspersed between EAI and its then shareholders, and became the holding companies of EAI and its subsidiaries. Accordingly, the Financial Information has been prepared by applying the principles of pooling of interests method as if the Reorganisation had been completed at the beginning of the Relevant Periods, except that Earthasia Limited and EA Group International, Inc are accounted for as business combinations using the acquisition method as further explained below.

All intra-group transactions and balances have been eliminated on consolidation.

### **Basis of presentation**

The Financial Information has been prepared in accordance with IFRSs (which include all IFRSs, IASs and interpretations) issued by the IASB. All IFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the Group in the

preparation of the Financial Information throughout the Relevant Periods. The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Financial Information.

IFRS 9	Financial Instruments <sup>3</sup>
IFRS 9, IFRS 7 and IAS 39 Amendments	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 <sup>3</sup>
IFRS 10, IFRS 12 and IAS 27 (2011)	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities <sup>1</sup>
IAS 19 Amendments	Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions <sup>2</sup>
IAS 32 Amendments	Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
IAS 39 Amendments	Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
IFRIC 21	Levies <sup>1</sup>
Annual Improvements to IFRSs 2010-2012 Cycle <sup>2</sup>	
Annual Improvements to IFRSs 2011-2013 Cycle <sup>2</sup>	
IFRS 14	Regulatory Deferral Accounts <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> No mandatory effective date yet determined but is available for adoption

<sup>4</sup> Effective for first annual IFRS financial statements for a period beginning on or after 1 January 2016 and not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

## 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of consolidation

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The results of subsidiaries are consolidated, being the date on which the then holding company (i.e. EAI, obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### **Subsidiaries**

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.



Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, service contract assets, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

#### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;

- (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
    - (i) the entity and the Group are members of the same group;
    - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
    - (iii) the entity and the Group are joint ventures of the same third party;
    - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
    - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
    - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
    - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**Property and equipment and depreciation**

Property and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment over the estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and equipment	20%
Motor vehicles	20%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### ***Software***

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of three to five years.

#### **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

#### **Investments and other financial assets**

##### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as loans and receivables and other categories as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

***Subsequent measurement***

The subsequent measurement of loans and receivables is as follows:

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

***Impairment of financial assets***

The Group assesses at the end of each of reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss events have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial

assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

### **Financial liabilities**

#### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, dividend payable, amounts due to directors and a related company, and an interest-bearing other borrowing.

#### ***Subsequent measurement***

#### ***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

**Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

**Provisions**

A provision is recognised when the Group has a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below; and

- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

### **Contracts for services**

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

### **Employee benefits**

#### *Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 10% to 20% of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Payments to state-managed retirement benefit schemes in jurisdictions are charged as expenses when employees have rendered service which entitles them to the contributions.

### **Dividends**

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.



**Foreign currencies**

This Financial Information is presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and profit or loss and other comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

**2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions, that have the most significant effect on the amounts recognised in the Group's Financial Information and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**Estimation uncertainty*****Percentage of completion of rendering of service***

The Group recognises revenue according to the percentage of completion of individual contracts for services, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is also estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different

accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

***Estimation of total budgeted costs and cost to completion for service contracts***

Total budgeted costs for service contracts comprise (i) direct material costs, (ii) costs of subcontracting and direct labour, and (iii) an appropriation of variable and fixed service overheads. In estimating the total budgeted costs for service contracts, management makes reference to information such as (i) current offers from sub-contractors and suppliers, and (ii) recent offers agreed with sub-contractors and suppliers.

***Estimated useful lives of property and equipment and intangible assets***

The Group's management determines the useful lives and related depreciation/amortisation charges for the Group's property and equipment, and intangible assets. This estimate is based on the historical experience of the actual useful lives of property and equipment, and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation/amortisation charges where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable/amortisable lives and therefore depreciation/amortisation in the future periods.

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

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs to disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

***Deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits and temporary differences. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimate, such differences will impact on the recognition of deferred tax assets and income tax charge in the period in which such estimate has been changed.

***Provision for impairment of trade and other receivables***

The provision policy for impairment of trade and other receivables is based on ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

**3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

- (a) Residential development projects involve residential club houses, podiums, gardens or recreational areas.
- (b) Infrastructure and public open spaces projects involve municipal or local government works in relation to infrastructure areas, public parks and public green areas of property developers;
- (c) Commercial and mixed-use development projects involve shopping arcades, office buildings or mixed-use commercial and residential premises, and
- (d) Tourism and hotels projects mainly involve landscape architecture of theme parks, resorts and hotels;

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the service prices used for sales made to third parties at the then prevailing market prices.

Segment assets include trade receivables and amounts due from contract customers but exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities include trade payables, other payables and accruals, amounts due to contract customers but exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the Relevant Periods.

## Year ended 31 December 2011

	Residential development projects <i>HK\$'000</i>	Infrastructure and public open spaces projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotels projects <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>					
Revenue	101,926	30,006	36,965	10,335	179,232
<b>Segment results</b>	55,088	18,544	17,690	4,621	95,943
<i>Reconciliation</i>					
Unallocated income					1,267
Unallocated expense					(49,207)
Finance costs					(52)
Profit before tax					47,951
Segment assets	34,757	12,261	15,409	3,050	65,477
<i>Reconciliation</i>					
Unallocated assets					65,618
Total assets					131,095
Segment liabilities	40,506	6,139	11,909	5,267	63,821
<i>Reconciliation</i>					
Unallocated liabilities					17,364
Total liabilities					81,185
<i>Other segment information</i>					
Impairment of trade receivables	1,678	151	407	72	2,308
Unallocated:					
Depreciation and amortisation					2,462
Capital expenditure*					
Unallocated					5,242

\* Capital expenditure consists of additions to property and equipment and intangible asset.

## Year ended 31 December 2012

	Residential development projects <i>HK\$'000</i>	Infrastructure and public open spaces projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotels projects <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>					
Revenue	<u>84,485</u>	<u>28,119</u>	<u>44,136</u>	<u>15,665</u>	<u>172,405</u>
<b>Segment results</b>	41,049	14,445	19,743	6,029	81,266
<i>Reconciliation</i>					
Unallocated income					8,752
Unallocated expense					(54,633)
Finance costs					<u>(507)</u>
Profit before tax					<u>34,878</u>
Segment assets	36,485	21,262	19,650	8,085	85,482
<i>Reconciliation</i>					
Unallocated assets					<u>49,142</u>
Total assets					<u>134,624</u>
Segment liabilities	38,290	3,658	7,913	2,486	52,347
<i>Reconciliation</i>					
Unallocated liabilities					<u>20,847</u>
Total liabilities					<u>73,194</u>
<i>Other segment information</i>					
Impairment of trade receivables	1,027	1,124	952	–	3,103
Unallocated:					
Depreciation and amortisation					2,967
Capital expenditure*					
Unallocated					10,438

\* *Capital expenditure consists of additions to property and equipment, intangible asset and assets from the acquisition of a subsidiary.*

## Year ended 31 December 2013

	Residential development projects <i>HK\$'000</i>	Infrastructure and public open spaces projects <i>HK\$'000</i>	Commercial and mixed-use development projects <i>HK\$'000</i>	Tourism and hotels projects <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>					
Revenue	108,786	29,340	56,540	22,382	217,048
<b>Segment results</b>	59,119	16,602	30,470	11,076	117,267
<i>Reconciliation</i>					
Unallocated income					6,143
Unallocated expense					(69,139)
Finance costs					(57)
Profit before tax					54,214
Segment assets	50,375	16,749	35,084	9,917	112,125
<i>Reconciliation</i>					
Unallocated assets					90,563
Total assets					202,688
Segment liabilities	39,414	5,522	15,340	4,001	64,277
<i>Reconciliation</i>					
Unallocated liabilities					52,505
Total liabilities					116,782
<i>Other segment information</i>					
Impairment of trade receivables	1,583	140	268	–	1,991
Unallocated:					
Depreciation and amortisation					3,399
Capital expenditure*					
Unallocated					2,529

\* *Capital expenditure consists of additions to property and equipment and intangible asset.*

**Geographical information****(a) Revenue from external customers**

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Hong Kong	–	4,910	15,562
Mainland China	179,232	165,696	198,155
Others	–	1,799	3,331
	<u>179,232</u>	<u>172,405</u>	<u>217,048</u>

The revenue information above is based on the locations of the customers.

During the Relevant Periods, other than Mainland China and Hong Kong, the Group derived revenue from Macau and the Philippines.

**(b) Non-current assets**

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Hong Kong	–	601	635
Mainland China	8,085	7,876	6,870
	<u>8,085</u>	<u>8,477</u>	<u>7,505</u>

The non-current asset information above is based on the locations of the assets and excludes non-current deposits and deferred tax assets.

**Information about major customers**

Revenue from individual customer when accounting for more than 10% of the Group's revenue of each of the Relevant Period is set out below:

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Customer A	<u>15,989</u>	<u>15,256</u>	<u>23,149</u>

#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of service contracts and the value of services rendered during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>			
Service contracts	<u>179,232</u>	<u>172,405</u>	<u>217,048</u>
<b>Other income</b>			
Service income	58	–	2,686
Interest income	1,034	306	146
Government grant	<u>97</u>	<u>228</u>	<u>2,525</u>
	<u>1,189</u>	<u>534</u>	<u>5,357</u>
<b>Gains</b>			
Gain on bargain purchase	–	7,930	–
Foreign exchange gain	–	26	197
Gain on disposal of items of property and equipment	78	–	–
Others	<u>–</u>	<u>262</u>	<u>589</u>
	<u>78</u>	<u>8,218</u>	<u>786</u>
	<u>1,267</u>	<u>8,752</u>	<u>6,143</u>

Government grants were received for a tax subsidy and to promote the Group's business in the local area. There are no unfulfilled conditions or contingencies relating to these grants.



**5. PROFIT BEFORE TAX**

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	<b>Year ended 31 December</b>		
		<b>2011</b>	<b>2012</b>	<b>2013</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of services provided		80,981	88,036	97,790
Depreciation	13	2,046	2,429	2,758
Amortisation of intangible asset	14	416	538	641
Minimum lease payments under operating leases of buildings		6,707	8,144	12,483
Auditors' remuneration		122	605	513
Employee benefit expense (including directors' and chief Executive's remuneration <i>(note 7)</i> ):				
– Wages and salaries		64,992	73,719	89,484
– Pension scheme contributions and welfare		3,440	5,660	5,699
– Welfare and other benefits		1,316	1,417	1,778
		<u>69,748</u>	<u>80,796</u>	<u>96,961</u>
Foreign exchange gain, net		–	(26)	(197)
Impairment of trade receivables	17	2,308	3,103	1,991
Interest income		(1,034)	(306)	(146)
(Gain)/loss on disposal of items of property and equipment		(78)	8	327
		<u><u>(78)</u></u>	<u><u>8</u></u>	<u><u>327</u></u>

**6. FINANCE COSTS**

An analysis of finance costs is as follows:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on other borrowing	<u>52</u>	<u>507</u>	<u>57</u>

## 7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration during the Relevant Periods, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Fees	—	—	—
Other emoluments:			
– Salaries, allowances and benefits in kind	1,182	4,694	8,824
– Pension scheme contributions and other benefits	378	479	506
	<u>1,560</u>	<u>5,173</u>	<u>9,330</u>
	<u>1,560</u>	<u>5,173</u>	<u>9,330</u>

## Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Pension scheme contributions and other benefits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2013</b>			
Executive directors:			
Patrick Lau*	2,160	15	2,175
Tian Ming**	2,464	130	2,594
	4,624	145	4,769
Chief executive:			
Andross Chan*	4,200	361	4,561
	<u>8,824</u>	<u>506</u>	<u>9,330</u>

	<b>Salaries, allowances and benefits in kind HK\$'000</b>	<b>Pension scheme contributions and other benefits HK\$'000</b>	<b>Total HK\$'000</b>
<b>Year ended 31 December 2012</b>			
Executive directors:			
Patrick Lau*	720	5	725
Tian Ming**	<u>1,658</u>	<u>119</u>	<u>1,777</u>
	2,378	124	2,502
Chief executive:			
Andross Chan*	<u>2,316</u>	<u>355</u>	<u>2,671</u>
	<u><u>4,694</u></u>	<u><u>479</u></u>	<u><u>5,173</u></u>
<b>Year ended 31 December 2011</b>			
Executive directors:			
Patrick Lau*	–	–	–
Tian Ming**	<u>548</u>	<u>30</u>	<u>578</u>
	548	30	578
Chief executive:			
Andross Chan*	<u>634</u>	<u>348</u>	<u>982</u>
	<u><u>1,182</u></u>	<u><u>378</u></u>	<u><u>1,560</u></u>

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

\* Patrick Lau was appointed as executive director of the Company and Andross Chan was appointed as chief executive of the Company on 25 November 2013.

\*\* Tian Ming was appointed as executive director of the Company on 24 February 2014.

Andross Chan and Tian Ming were directors of the Group's subsidiaries during the Relevant Periods.

Patrick Lau was a director of a Group's subsidiary in 2012 and 2013.

Since the Company was incorporated on 25 November 2013, the directors' remuneration above included those directors of the Group's subsidiaries during the Relevant Periods.

**8. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during the years ended 31 December 2013, 2012 and 2011 included nil, one, two director(s) and one, one, one chief executive, respectively, details of whose remuneration are set out in note 7 above. Details of the remuneration for the years ended 31 December 2013, 2012, and 2011 of the remaining four, three, two highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	4,363	3,664	2,789
Pension scheme contributions	—	119	130
	<u>4,363</u>	<u>3,783</u>	<u>2,919</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
Nil to HK\$1,000,000	4	2	—
HK\$1,000,001 to HK\$1,500,000	—	—	1
HK\$1,500,001 to HK\$2,000,000	—	—	1
HK\$2,000,001 to HK\$2,500,000	—	1	—
	<u>4</u>	<u>3</u>	<u>2</u>

**9. INCOME TAX**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Earthasia (Shanghai) Co., Ltd. was qualified as a foreign investment entity registered in Pudong New Area District of Shanghai City, Mainland China and was entitled to enjoy a preferential tax rate of 15% from 2008 to 2012. Upon the promulgation of the new Corporate Income Tax ("CIT") laws in 2007, the CIT rate of Earthasia (Shanghai) Co., Ltd. was changed to 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011, 25% for 2012 and 25% for 2013. Other entities of the Group established in Mainland China are subject to CIT rate of 25%.

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong:			
Charge for the year	2,113	1,627	697
Overprovision in prior years	–	(12)	–
Current – Mainland China:	<u>12,706</u>	<u>7,793</u>	<u>15,658</u>
	14,819	9,408	16,355
Deferred <i>(note 15)</i>	<u>(1,187)</u>	<u>(474)</u>	<u>91</u>
Total tax charge for the year	<u><u>13,632</u></u>	<u><u>8,934</u></u>	<u><u>16,446</u></u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

**Year ended 31 December 2013**

	<b>Hong Kong</b>	<b>Mainland</b>	<b>Total</b>
	<i>HK\$'000</i>	<b>China</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	<u>(1,671)</u>	<u>55,885</u>	<u>54,214</u>
Tax at the statutory tax rate	(276)	13,971	13,695
Effect of withholding tax at the distributable the profits of a PRC subsidiary	–	2,050	2,050
Expenses not deductible for tax	64	100	164
Deductible temporary differences and tax losses not recognised	<u>445</u>	<u>92</u>	<u>537</u>
Tax charge at the Group's effective tax rate	<u><u>233</u></u>	<u><u>16,213</u></u>	<u><u>16,446</u></u>

**Year ended 31 December 2012**

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>Mainland China</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Profit before tax	<u>491</u>	<u>34,387</u>	<u>34,878</u>
Tax at the statutory tax rate	81	8,597	8,678
Effect of withholding tax at the distributable profits of a PRC subsidiary	–	1,465	1,465
Adjustments in respect of current tax of previous years	(12)	–	(12)
Income not subject to tax	–	(1,983)	(1,983)
Expenses not deductible for tax	<u>201</u>	<u>585</u>	<u>786</u>
Tax charge at the Group's effective tax rate	<u>270</u>	<u>8,664</u>	<u>8,934</u>

**Year ended 31 December 2011**

Profit before tax	<u>428</u>	<u>47,523</u>	<u>47,951</u>
Tax at the statutory tax rate	71	11,881	11,952
Effect of withholding tax at the distributable profits of a PRC subsidiary	–	1,786	1,786
Lower tax rates for a subsidiary	–	(475)	(475)
Expenses not deductible for tax	<u>77</u>	<u>292</u>	<u>369</u>
Tax charge at the Group's effective tax rate	<u>148</u>	<u>13,484</u>	<u>13,632</u>

**10. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT**

The consolidated profit attributable to owners of the parent for the period from 25 November 2013 (date of incorporation) to 31 December 2013 includes a loss of HK\$2,695,000 which has been dealt with in the financial statements of the Company <sup>(note 25)</sup>.

**11. DIVIDEND**

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim	<u>32,254</u>	<u>14,400</u>	<u>15,115</u>

The rate of dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report. Pursuant to a resolution of the general meeting of shareholders on 14 January 2014, the Company declared a cash dividend of HK\$35,000,000.

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the number of shares as at the end of each Relevant Periods was different from the number of shares immediately after the completion of the offering as more fully explained in the section of the "Share Capital" of the Prospectus.

## 13. PROPERTY AND EQUIPMENT

	<b>Leasehold improvements</b> <i>HK\$'000</i>	<b>Furniture and equipment</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>31 December 2013</b>				
At 31 December 2012, and at 1 January 2013:				
Cost	4,386	6,898	2,935	14,219
Accumulated depreciation	<u>(2,453)</u>	<u>(3,885)</u>	<u>(987)</u>	<u>(7,325)</u>
Net carrying amount	<u>1,933</u>	<u>3,013</u>	<u>1,948</u>	<u>6,894</u>
At 1 January 2013, net of accumulated depreciation				
	1,933	3,013	1,948	6,894
Additions	575	1,397	–	1,972
Depreciation	(882)	(1,290)	(586)	(2,758)
Disposal	(312)	(17)	–	(329)
Exchange realignment	<u>50</u>	<u>82</u>	<u>52</u>	<u>184</u>
At 31 December 2013, net of accumulated depreciation	<u>1,364</u>	<u>3,185</u>	<u>1,414</u>	<u>5,963</u>
At 31 December 2013:				
Cost	3,671	9,927	3,345	16,943
Accumulated depreciation	<u>(2,307)</u>	<u>(6,742)</u>	<u>(1,931)</u>	<u>(10,980)</u>
Net carrying amount	<u>1,364</u>	<u>3,185</u>	<u>1,414</u>	<u>5,963</u>

	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2012</b>				
At 31 December 2011, and at 1 January 2012:				
Cost	2,715	6,345	2,885	11,945
Accumulated depreciation	<u>(1,721)</u>	<u>(3,222)</u>	<u>(360)</u>	<u>(5,303)</u>
Net carrying amount	<u>994</u>	<u>3,123</u>	<u>2,525</u>	<u>6,642</u>
At 1 January 2012, net of accumulated depreciation				
	994	3,123	2,525	6,642
Additions	1,669	617	–	2,286
Acquisition of a subsidiary <i>(note 26)</i>	2	373	50	425
Depreciation	(732)	(1,070)	(627)	(2,429)
Disposal	<u>–</u>	<u>(30)</u>	<u>–</u>	<u>(30)</u>
At 31 December 2012, net of accumulated depreciation	<u>1,933</u>	<u>3,013</u>	<u>1,948</u>	<u>6,894</u>
At 31 December 2012:				
Cost	4,386	6,898	2,935	14,219
Accumulated depreciation	<u>(2,453)</u>	<u>(3,885)</u>	<u>(987)</u>	<u>(7,325)</u>
Net carrying amount	<u>1,933</u>	<u>3,013</u>	<u>1,948</u>	<u>6,894</u>



	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2011</b>				
At 31 December 2010, and at 1 January 2011:				
Cost	2,029	5,319	1,172	8,520
Accumulated depreciation	<u>(1,008)</u>	<u>(2,392)</u>	<u>(713)</u>	<u>(4,113)</u>
Net carrying amount	<u>1,021</u>	<u>2,927</u>	<u>459</u>	<u>4,407</u>
At 1 January 2011, net of accumulated depreciation				
	1,021	2,927	459	4,407
Additions	576	1,004	2,824	4,404
Depreciation	(650)	(943)	(453)	(2,046)
Disposal	–	(8)	(370)	(378)
Exchange realignment	<u>47</u>	<u>143</u>	<u>65</u>	<u>255</u>
At 31 December 2011, net of accumulated depreciation	<u>994</u>	<u>3,123</u>	<u>2,525</u>	<u>6,642</u>
At 31 December 2011:				
Cost	2,715	6,345	2,885	11,945
Accumulated depreciation	<u>(1,721)</u>	<u>(3,222)</u>	<u>(360)</u>	<u>(5,303)</u>
Net carrying amount	<u>994</u>	<u>3,123</u>	<u>2,525</u>	<u>6,642</u>

At 31 December 2013, a motor vehicle of the Group with a net carrying amount of HK\$661,000, HK\$926,000 and HK\$1,211,000 as at 31 December 2013, 2012 and 2011, respectively, was pledged to secure a loan granted to the Group *(note 22)*.

## 14. INTANGIBLE ASSET

	<b>Software</b> <i>HK\$'000</i>
Cost at 1 January 2011, net of accumulated amortisation	965
Additions	838
Amortisation during the year	(416)
Exchange realignment	<u>56</u>
Cost at 31 December 2011 and 1 January 2012, net of accumulated amortisation	1,443
Additions	488
Acquisition of a subsidiary <i>(note 26)</i>	190
Amortisation during the year	<u>(538)</u>
Cost at 31 December 2012 and 1 January 2013, net of accumulated amortisation	1,583
Additions	557
Amortisation during the year	(641)
Exchange realignment	<u>43</u>
At 31 December 2013	<u><u>1,542</u></u>

## 15. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred tax assets and deferred tax liabilities during the Relevant Periods are as follows:

**Deferred tax assets**

	<b>Year ended 31 December</b>		
	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
At 1 January	740	1,804	2,412
Credited to profit or loss during the year <i>(note 9)</i>	1,007	600	1,479
Arising from acquisition of a subsidiary <i>(note 26)</i>	–	8	–
Exchange realignment	<u>57</u>	<u>–</u>	<u>98</u>
At 31 December	<u><u>1,804</u></u>	<u><u>2,412</u></u>	<u><u>3,989</u></u>

**Deferred tax liabilities**

	<b>Year ended 31 December</b>		
	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
At 1 January	1,966	1,786	1,912
(Credited)/charged to profit or loss during the year <i>(note 9)</i>	<u>(180)</u>	<u>126</u>	<u>1,570</u>
At 31 December	<u><u>1,786</u></u>	<u><u>1,912</u></u>	<u><u>3,482</u></u>

**Deferred tax assets**

	Accruals	Depreciation	Accumulated	Impairment	Fair value	Total
	HK\$'000	HK\$'000	losses	provision	adjustments	HK\$'000
			HK\$'000	HK\$'000	arising from	
					acquisition of	
					a subsidiary	
					HK\$'000	
At 1 January 2011	-	-	-	740	-	740
Credited to profit or loss	365	-	-	642	-	1,007
Exchange realignment	7	-	-	50	-	57
	<u>7</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>57</u>
At 31 December 2011 and 1 January 2012	372	-	-	1,432	-	1,804
Credited/(charged) to profit or loss	(371)	(2)	-	965	8	600
Arising from acquisition of a subsidiary	-	17	-	-	(9)	8
Exchange realignment	(1)	-	-	-	1	-
	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
At 31 December 2012 and 1 January 2013	-	15	-	2,397	-	2,412
Credited/(charged) to profit or loss	457	(15)	91	946	-	1,479
Exchange realignment	7	-	1	90	-	98
	<u>7</u>	<u>-</u>	<u>1</u>	<u>90</u>	<u>-</u>	<u>98</u>
At 31 December 2013	<u>464</u>	<u>-</u>	<u>92</u>	<u>3,433</u>	<u>-</u>	<u>3,989</u>

**Deferred tax liabilities**

	Effect of withholding tax on the distributable profits of the Group's PRC subsidiary HK\$'000
At 1 January 2011	1,966
Credited to profit or loss during the year	<u>(180)</u>
At 31 December 2011 and 1 January 2012	1,786
Charged to profit or loss during the year	<u>126</u>
At 31 December 2012 and 1 January 2013	1,912
Charged to profit or loss during the year	<u>1,570</u>
At 31 December 2013	<u>3,482</u>

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign-owned investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax

treaty between Mainland China and the jurisdiction of the foreign investors. The Group is liable for withholding taxes of 5% on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

The Group had tax losses in Mainland China of HK\$729,000, nil and nil at 31 December 2013, 2012 and 2011, respectively, that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries newly established and it is uncertain that taxable profits will be available against which the tax losses can be utilised.

#### 16. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Gross amounts due from customers for contract works	46,019	61,673	64,056
Gross amounts due to customers for contract works	<u>(60,330)</u>	<u>(50,909)</u>	<u>(59,641)</u>
	<u>(14,311)</u>	<u>10,764</u>	<u>4,415</u>
Contract costs incurred plus recognised profits less recognised losses to date	425,877	545,544	561,603
Less: Progress billings	<u>(440,188)</u>	<u>(534,780)</u>	<u>(557,188)</u>
	<u>(14,311)</u>	<u>10,764</u>	<u>4,415</u>

#### 17. TRADE RECEIVABLES

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	24,919	32,372	58,923
Impairment	<u>(5,461)</u>	<u>(8,563)</u>	<u>(10,854)</u>
	<u>19,458</u>	<u>23,809</u>	<u>48,069</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables at the end of each of the Relevant Periods, based on the invoice date, and net of provisions, is as follows:

	<b>31 December</b>		
	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
Within 6 months	17,323	20,983	42,031
6 to 12 months	1,461	2,076	4,285
12 to 24 months	306	264	1,112
Over 24 months	368	486	641
	<u>19,458</u>	<u>23,809</u>	<u>48,069</u>

The movements in provision for impairment of trade receivables during the Relevant Periods are as follows:

	<b>Year ended 31 December</b>		
	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
At 1 January	2,961	5,461	8,563
Recognised during the year <i>(note 5)</i>	2,308	3,103	1,991
Exchange realignment	192	(1)	300
	<u>5,461</u>	<u>8,563</u>	<u>10,854</u>

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>31 December</b>		
	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
Neither past due nor impaired	12,254	13,573	33,809
Less than 30 days past due	2,595	2,439	3,745
30 to 120 days past due	2,474	4,971	4,477
121 to 300 days past due	1,461	2,076	4,285
Over 300 days past due	674	750	1,753
	<u>19,458</u>	<u>23,809</u>	<u>48,069</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

## Group

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Prepayments	3,005	3,354	8,401
Deposits and other receivables	<u>1,135</u>	<u>3,885</u>	<u>4,419</u>
	<u>4,140</u>	<u>7,239</u>	<u>12,820</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current:			
Prepayments	3,005	3,354	8,401
Deposits and other receivables	<u>947</u>	<u>3,725</u>	<u>3,086</u>
	3,952	7,079	11,487
Non-current:			
Deposits	<u>188</u>	<u>160</u>	<u>1,333</u>
Total	<u>4,140</u>	<u>7,239</u>	<u>12,820</u>

## Company

	31 December 2013 <i>HK\$'000</i>
Prepayment	<u>897</u>

## 19. CASH AND BANK BALANCES

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cash and bank balances	<u>50,957</u>	<u>27,854</u>	<u>64,364</u>

At 31 December 2013, 2012 and 2011, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$45,817,000, HK\$24,375,000 and HK\$44,696,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 20. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 1 year	153	1,482	928
1 to 2 years	56	28	108
2 to 3 years	543	47	28
Over 3 years	–	543	66
	<u>752</u>	<u>2,100</u>	<u>1,130</u>

The trade payables are non-interest-bearing and are normally settled within three months.

## 21. OTHER PAYABLES AND ACCRUALS

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other payables	7,440	5,628	24,398
Accruals	<u>1,970</u>	<u>1,968</u>	<u>4,818</u>
	<u>9,410</u>	<u>7,596</u>	<u>29,216</u>

Other payables are non-interest bearing and have an average term of three months.

## 22. INTEREST-BEARING OTHER BORROWING, SECURED

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other loan, secured	<u>818</u>	<u>657</u>	<u>480</u>

	31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within one year	161	177	184
In the second year	177	193	219
In the third to fifth years, inclusive	<u>480</u>	<u>287</u>	<u>77</u>
	<u>818</u>	<u>657</u>	<u>480</u>

The loan is secured by a mortgage over a motor vehicle of the Group, which had a carrying value at 31 December 2013, 2012 and 2011 of HK\$661,000, HK\$926,000 and HK\$1,211,000, respectively, and guaranteed by Tian Ming.

### 23. AMOUNTS DUE FROM/TO DIRECTORS

Amounts disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

#### The Group

	<b>31 December 2013</b>	<b>Maximum amount outstanding during the year</b>	<b>1 January 2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Amounts due from directors</b>			
Andross Chan	52	111	111
	<u>52</u>	<u>111</u>	<u>111</u>
	<b>31 December 2012</b>	<b>Maximum amount outstanding during the year</b>	<b>1 January 2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Patrick Lau	–	7	7
Andross Chan	111	111	49
Tian Ming	–	266	266
	<u>111</u>	<u>384</u>	<u>322</u>
	<b>31 December 2011</b>	<b>Maximum amount outstanding during the year</b>	<b>1 January 2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Patrick Lau	7	7	–
Andross Chan	49	49	–
Tian Ming	266	266	–
	<u>322</u>	<u>322</u>	<u>–</u>



**Amounts due to directors**

	<b>31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Andross Chan	40	40	–
Patrick Lau	40	40	–
	<u>80</u>	<u>80</u>	<u>–</u>

The amounts with the directors bear no interest, are unsecured and have no fixed terms of repayment.

**24. SHARE CAPITAL**

	<b>31 December</b>
	<b>2013</b>
	<i>HK\$</i>
Authorised:	
38,000,000 ordinary shares of HK\$0.01 each	<u>380,000</u>
Issued and fully paid:	
10,000 ordinary shares of HK\$0.01 each	<u>100</u>

The Company was incorporated on 25 November 2013 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each.

Upon incorporation, 1 ordinary share of HK\$0.01 was issued at par.

On 25 November 2013, 4,999 ordinary shares of HK\$0.01 were issued at par.

On 2 December 2013, 5,000 shares of HK\$0.01 each were issued pursuant to a share swap agreement as consideration for the acquisition by the Company via EA BVI of the entire issued share capital of EAI.

**25. RESERVES****The Group***Capital reserve*

On 1 January 2011, capital reserve represented aggregate share capital of the then subsidiaries.

**The Company**

	<i>Note</i>	<b>Issued capital</b> <i>HK\$'000</i>	<b>Accumulated loss</b> <i>HK\$'000</i>	<b>Capital reserve</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Upon incorporation		–	–	–	–
Issue of shares		–	–	–	–
Acquisition of a subsidiary		–	–	5,854	5,854
Loss and total comprehensive loss for the period from 25 November 2013 (date of incorporation) to 31 December 2013		–	(2,695)	–	(2,695)
At 31 December 2013		<u>–</u>	<u>(2,695)</u>	<u>5,854</u>	<u>3,159</u>

**26. ACQUISITION OF A SUBSIDIARY**

In 2012, the Group acquired 100% ordinary shares of Earthasia Limited (“EAL”) at a cash consideration of RMB6,294,000 (equivalent to HK\$7,664,000) to expand its market presence in Hong Kong.

The fair values of the identifiable assets and liabilities of EAL as at the date of acquisition were as follows:

	<b>As at 31 August 2012</b> <i>HK\$'000</i>
Property and equipment	425
Intangible assets	190
Deferred tax assets	8
Amounts due from customers for contract works	5,359
Trade receivables	3,740
Prepayments, deposits and other receivables	833
Amounts due from related companies	9,986
Amounts due from directors	85
Cash and bank balances	1,264
Trade payables	(685)
Other payables and accruals	(430)
Amounts due to customers for contract works	(2,588)
Amount due to a related company	(1,749)
Tax payable	<u>(844)</u>
Total identifiable net assets at fair value	15,594
Gain on bargain purchase recognised in profit or loss	<u>(7,930)</u>
Satisfied by cash	<u><u>7,664</u></u>

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$3,740,000 and HK\$833,000, respectively. None of the trade receivables and other receivables are expected to be uncollectible.

An analysis of the cash flows in respect of the acquisition of EAL is as follows:

	<i>HK\$'000</i>
Cash consideration	7,664
Cash and cash equivalents acquired	<u>(1,264)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>6,400</u></u>

Since the acquisition, EAL contributed HK\$8,865,000 to the Group's revenue and loss of HK\$36,000 to the Group for the year ended 31 December 2012.

Had the combination taken place at the beginning of the year ended 31 December 2012, the revenue and the profit of the Group for the year ended 31 December 2012 would have been HK\$187,178,000 and HK\$29,767,000, respectively.

## 27. ADDITIONAL FINANCIAL INFORMATION OF EARTHASIA LIMITED BEFORE ACQUISITION

The financial information of Earthasia Limited for the year ended 31 December 2011 and for the period from 1 January 2012 to 31 August 2012 (the day immediately before being acquired by the Group) is as follows:

### Statements of profit or loss and other comprehensive income of Earthasia Limited

	<i>Notes</i>	<b>Year ended 31 December 2011</b> <i>HK\$'000</i>	<b>Period from 1 January 2012 to 31 August 2012</b> <i>HK\$'000</i>
REVENUE	<i>I</i>	16,216	14,773
Cost of sales		<u>(7,566)</u>	<u>(5,481)</u>
GROSS PROFIT		8,650	9,292
Other income and gains	<i>I</i>	7,468	5,378
Administrative expenses		(12,187)	(8,763)
Other expenses		–	(2)
Loss on disposal of associates		(24,745)	–
Share of profits of associates	<i>III</i>	<u>13,842</u>	<u>–</u>
(LOSS)/PROFIT BEFORE TAX	<i>II</i>	(6,972)	5,905
Income tax expense	<i>VI</i>	<u>(1,273)</u>	<u>(897)</u>
(LOSS)/PROFIT AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		<u><u>(8,245)</u></u>	<u><u>5,008</u></u>
Attributable to:			
owners of the parent		<u><u>(8,245)</u></u>	<u><u>5,008</u></u>

## Statements of financial position of Earthasia Limited

		As at 31 December 2011 <i>HK\$'000</i>	As at 31 August 2012 <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property and equipment	<i>VII</i>	440	374
Intangible asset	<i>VIII</i>	175	190
Deferred tax assets	<i>IX</i>	17	17
Total non-current assets		<u>632</u>	<u>581</u>
<b>CURRENT ASSETS</b>			
Amounts due from customers for contract works	<i>X</i>	4,366	5,359
Trade receivables	<i>XI</i>	4,918	3,740
Prepayments, deposits and other receivables	<i>XII</i>	1,481	833
Amounts due from related companies	<i>XX(a)</i>	142	9,986
Amounts due from associates	<i>XX(b)</i>	878	–
Amounts due from directors	<i>XVI</i>	3	85
Cash and bank balances	<i>XIII</i>	1,821	1,264
Total current assets		<u>13,609</u>	<u>21,267</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>XIV</i>	704	685
Other payables and accruals	<i>XV</i>	–	430
Amounts due to customers for contract works	<i>X</i>	2,960	2,588
Amount due to a related company	<i>XX(d)</i>	–	1,749
Tax payable		33	844
Total current liabilities		<u>3,697</u>	<u>6,296</u>
<b>NET CURRENT ASSETS</b>		<u><b>9,912</b></u>	<u><b>14,971</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>10,544</b></u>	<u><b>15,552</b></u>
<b>NET ASSETS</b>		<u><b>10,544</b></u>	<u><b>15,552</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent:</b>			
Share capital	<i>XVII</i>	10	10
Reserves		10,534	15,542
<b>TOTAL EQUITY</b>		<u><b>10,544</b></u>	<u><b>15,552</b></u>

## Statements of changes in equity of Earthasia Limited

	<b>Issued capital</b> <i>HK\$'000</i>	<b>Capital reserve</b> <i>(Note XVIII)*</i> <i>HK\$'000</i>	<b>Retained profits*</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2011	10	–	12,774	12,784
Loss and other comprehensive loss for the year	–	–	(8,245)	(8,245)
Deemed contribution from shareholders	–	6,005	–	6,005
At 31 December 2011 and 1 January 2012	10	6,005	4,529	10,544
Profit and other comprehensive income for the period	–	–	5,008	5,008
At 31 August 2012	<u>10</u>	<u>6,005</u>	<u>9,537</u>	<u>15,552</u>

\* *These reserve accounts comprise the reserves of HK\$10,534,000, HK\$15,542,000 at 31 December 2011 and 31 August 2012 in the statements of financial position.*

## Statements of cash flows of Earthasia Limited

		Year ended 31 December 2011	Period from 1 January 2012 to 31 August 2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		(6,972)	5,905
Adjustments for:			
Loss on disposal of associates		24,745	–
Depreciation	<i>VII</i>	217	119
Amortisation of intangible asset	<i>VIII</i>	187	80
Share of profits of associates		(13,842)	–
		4,335	6,104
(Increase)/decrease in amounts due from customers for contract works		766	(993)
Decrease in trade receivables		298	1,178
Decrease in prepayments, deposits and other receivables		204	648
(Increase)/decrease in amounts due from associates		(588)	878
Increase in amounts due from related companies		(1,655)	(9,844)
Increase in amounts due from directors		(3)	(82)
Increase/(decrease) in trade payables		704	(19)
(Decrease)/increase in other payables and accruals		(731)	430
Decrease in amounts due to customers for contract works		(528)	(372)
Increase in amounts due to associates		(297)	–
Increase in an amount due to a related company		–	1,749
Tax paid		(732)	(86)
Cash generated from/(used in) operations		1,773	(409)
<b>Net cash flows from/(used in) operating activities</b>		<b>1,773</b>	<b>(409)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property and equipment	<i>VII</i>	(55)	(53)
Additions to intangible asset	<i>VIII</i>	(43)	(95)
<b>Net cash flows used in investing activities</b>		<b>(98)</b>	<b>(148)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash flows from financing activities</b>		<b>–</b>	<b>–</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>1,675</b>	<b>(557)</b>
Cash and cash equivalents at beginning of year/period		146	1,821
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>		<b>1,821</b>	<b>1,264</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
<b>Cash and bank balances as stated in the statements of financial position</b>		<b>1,821</b>	<b>1,264</b>

**I. REVENUE, OTHER INCOME AND GAINS**

Revenue, which is also Earthasia Limited's turnover, represents an appropriate proportion of contract revenue of service contracts and the value of services rendered during the year/period.

An analysis of revenue, other income and gains of Earthasia Limited is as follows:

	<i>Notes</i>	<b>Year ended 31 December 2011</b> <i>HK\$'000</i>	<b>Period from 1 January 2012 to 31 August 2012</b> <i>HK\$'000</i>
<b>Revenue</b>			
Service contracts		16,216	14,773
<b>Other income</b>			
Service income from then associates/ related companies	<i>XX(g)</i>	7,397	4,400
<b>Gains</b>			
Foreign exchange gain		71	88
Others		–	890
		71	978
		7,468	5,378

**II. LOSS/PROFIT BEFORE TAX**

Earthasia Limited's loss/profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	<b>Year ended 31 December 2011</b> <i>HK\$'000</i>	<b>Period from 1 January 2012 to 31 August 2012</b> <i>HK\$'000</i>
Cost of services provided		7,566	5,481
Depreciation	<i>VII</i>	217	119
Amortisation of intangible asset	<i>VIII</i>	187	80
Minimum lease payments under operating leases of buildings		1,881	1,308
Auditors' remuneration		90	30
Employee benefit expense (including chief executive's and directors' remuneration ( <i>note IV</i> )):			
– Wages and salaries		8,898	8,038
– Pension scheme contributions and welfare		365	221
		9,263	8,259
Loss on disposal of associates		(24,745)	–
Foreign exchange gain, net		(71)	(88)

## III. SHARE OF PROFITS OF ASSOCIATES

Entity name	Particulars of shares held/ paid up capital	Place of business/ incorporation/ establishment	Percentage of ownership interest attributable to Earthasia Limited	Principal activities
EAI*	5,000 ordinary shares of HK\$1 each	Hong Kong	25%	Landscape architecture
Earthasia (Shanghai) Co., Ltd.*	Paid up capital US\$490,000	Mainland China/PRC	25%	Landscape architecture

\* *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.*

**Year ended  
31 December  
2011**  
HK\$'000

The amount of Earthasia Limited's share of the associates' profit for the year	13,842
--------------------------------------------------------------------------------	--------

The associates were disposed of during 2011.

## IV. DIRECTOR'S AND CHIEF EXECUTIVE'S REMUNERATION

Remuneration of directors of Earthasia Limited during the year/period, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	<b>Year ended 31 December 2011</b> HK\$'000	<b>Period from 1 January 2012 to 31 August 2012</b> HK\$'000
Fees	-	-
Other emoluments:		
– Salaries, allowances and benefits in kind	2,160	1,440
– Pension scheme contributions and other benefits	12	9
	2,172	1,449
	2,172	1,449



**Directors**

	<b>Salaries, allowances and benefits in kind</b> <i>HK\$'000</i>	<b>Pension scheme contributions and other benefits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Period from 1 January 2012 to 31 August 2012</b>			
<i>Directors:</i>			
Patrick Lau	1,440	9	1,449
Andross Chan	—	—	—
	<u>1,440</u>	<u>9</u>	<u>1,449</u>
<b>Year ended 31 December 2011</b>			
<i>Directors:</i>			
Patrick Lau	2,160	12	2,172
Andross Chan	—	—	—
	<u>2,160</u>	<u>12</u>	<u>2,172</u>

There was no chief executive of Earthasia Limited during the year/period.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year/period.

**V. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees of Earthasia Limited included one director for the period from 1 January 2012 to 31 August 2012 and the year ended 31 December 2011, details of whose remuneration are set out in note IV above. Details of the remuneration for the period from 1 January 2012 to 31 August 2012 and the year ended 31 December 2011 of the remaining four highest paid employees who are neither a director nor chief executive of Earthasia Limited are as follows:

	<b>Year ended 31 December 2011</b> <i>HK\$'000</i>	<b>Period from 1 January 2012 to 31 August 2012</b> <i>HK\$'000</i>
Salaries, allowances and benefits in kind	3,041	1,949
Pension scheme contributions	<u>48</u>	<u>37</u>
	<u>3,089</u>	<u>1,986</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	<b>Year ended 31 December 2011</b>	<b>Period from 1 January 2012 to 31 August 2012</b>
Nil to HK\$1,000,000	<u>4</u>	<u>4</u>

#### VI. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period/year.

	<b>Year ended 31 December 2011</b>	<b>Period from 1 January 2012 to 31 August 2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:		
Charge for the year/period	922	897
Deferred <i>(note IX)</i>	<u>351</u>	<u>–</u>
Total tax charge for the year/period	<u>1,273</u>	<u>897</u>

A reconciliation of the tax expense applicable to loss/profit before tax at the effective tax rate is as follows:

#### Period from 1 January 2012 to 31 August 2012

	<i>HK\$'000</i>
Profit before tax	<u>5,905</u>
Tax at the statutory tax rate	974
Income not subject to tax	(161)
Expenses not deductible for tax	<u>84</u>
Tax charge for the period	<u>897</u>

## Year ended 31 December 2011

	<i>HK\$'000</i>
Loss before tax	<u>(6,972)</u>
Tax at the statutory tax rate	(1,150)
Tax attributable to profits of associates	(2,284)
Expenses not deductible for tax	<u>4,707</u>
Tax charge for the year	<u>1,273</u>

## VII. PROPERTY AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 August 2012</b>				
At 31 December 2011, and at 1 January 2012:				
Cost	568	1,970	371	2,909
Accumulated depreciation	<u>(558)</u>	<u>(1,540)</u>	<u>(371)</u>	<u>(2,469)</u>
Net carrying amount	<u>10</u>	<u>430</u>	<u>-</u>	<u>440</u>
At 1 January 2012, net of accumulated depreciation				
	10	430	-	440
Additions	-	53	-	53
Depreciation	<u>(7)</u>	<u>(112)</u>	<u>-</u>	<u>(119)</u>
At 31 August 2012, net of accumulated depreciation				
	<u>3</u>	<u>371</u>	<u>-</u>	<u>374</u>
At 31 August 2012:				
Cost	568	2,023	371	2,962
Accumulated depreciation	<u>(565)</u>	<u>(1,652)</u>	<u>(371)</u>	<u>(2,588)</u>
Net carrying amount	<u>3</u>	<u>371</u>	<u>-</u>	<u>374</u>

	Leasehold improvements <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2011</b>				
At 31 December 2010				
Cost	568	1,915	371	2,854
Accumulated depreciation	<u>(547)</u>	<u>(1,334)</u>	<u>(371)</u>	<u>(2,252)</u>
Net carrying amount	<u>21</u>	<u>581</u>	<u>-</u>	<u>602</u>
At 1 January 2011, net of accumulated depreciation				
	21	581	-	602
Additions	-	55	-	55
Depreciation	<u>(11)</u>	<u>(206)</u>	<u>-</u>	<u>(217)</u>
At 31 December 2011, net of accumulated depreciation				
	<u>10</u>	<u>430</u>	<u>-</u>	<u>440</u>
At 31 December 2011:				
Cost	568	1,970	371	2,909
Accumulated depreciation	<u>(558)</u>	<u>(1,540)</u>	<u>(371)</u>	<u>(2,469)</u>
Net carrying amount	<u>10</u>	<u>430</u>	<u>-</u>	<u>440</u>

**VIII. INTANGIBLE ASSET**

	<b>Software</b> <i>HK\$'000</i>
Cost at 1 January 2011, net of accumulated amortisation	319
Additions	43
Amortisation during the year	<u>(187)</u>
At 31 December 2011 and 1 January 2012	175
Additions	95
Amortisation during the period	<u>(80)</u>
At 31 August 2012	<u>190</u>

**IX. DEFERRED TAX ASSETS**

The movements in deferred tax assets during the year/period are as follows:

**Deferred tax assets**

	<b>2011</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
At 1 January	368	17
Credited during the year/period	<u>(351)</u>	<u>-</u>
At 31 December/31 August	<u>17</u>	<u>17</u>

**Deferred tax assets**

	<b>Accumulated losses</b> <i>HK\$'000</i>	<b>Depreciation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2011	394	(26)	368
(Charged)/credited to profit or loss	<u>(394)</u>	<u>43</u>	<u>(351)</u>
At 31 December 2011 and 1 January 2012 and 31 August 2012	<u>-</u>	<u>17</u>	<u>17</u>

**X. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS**

	<b>As at 31 December 2011</b> <i>HK\$'000</i>	<b>As at 31 August 2012</b> <i>HK\$'000</i>
Gross amounts due from customers for contract works	4,366	5,359
Gross amounts due to customers for contract works	<u>(2,960)</u>	<u>(2,588)</u>
	<u>1,406</u>	<u>2,771</u>
Contract costs incurred plus recognised profits less recognised losses to date	53,340	68,279
Less: Progress billings	<u>(51,934)</u>	<u>(65,508)</u>
	<u>1,406</u>	<u>2,771</u>

## XI. TRADE RECEIVABLES

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
Trade receivables	4,918	3,740
Impairment	—	—
	<u>4,918</u>	<u>3,740</u>

Earthasia Limited's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is two months. Each customer has a maximum credit limit. Earthasia Limited seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that Earthasia Limited's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Earthasia Limited does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables at the end of the year/period, based on the invoice date, and net of provisions, is as follows:

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
Within 6 months	4,251	3,071
6 to 12 months	250	150
12 to 24 months	302	504
Over 24 months	115	15
	<u>4,918</u>	<u>3,740</u>

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
Neither past due nor impaired	2,487	2,336
Less than 30 days past due	831	368
30 to 120 days past due	933	367
121 to 300 days past due	250	150
Over 300 days past due	417	519
	<u>4,918</u>	<u>3,740</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with Earthasia Limited. Based on past experience, the directors of Earthasia Limited are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## XII. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
Prepayments	222	229
Deposits and other receivables	1,259	604
	<u>1,481</u>	<u>833</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

## XIII. CASH AND BANK BALANCES

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
Cash and bank balances	<u>1,821</u>	<u>1,264</u>

## XIV. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the year/period, based on the invoice date, is as follows:

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
Within 1 year	<u>704</u>	<u>685</u>

The trade payables are non-interest-bearing and are normally settled within three months.

## XV. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2011 <i>HK\$'000</i>	As at 31 August 2012 <i>HK\$'000</i>
Other payables and accruals	–	430

## XVI. AMOUNTS DUE FROM DIRECTORS

Amounts disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	31 August 2012 <i>HK\$'000</i>	Maximum amount outstanding during the period <i>HK\$'000</i>	1 January 2012 <i>HK\$'000</i>
Patrick Lau	9	9	2
Andross Chan	76	76	1
	<u>85</u>	<u>85</u>	<u>3</u>

	31 December 2011 <i>HK\$'000</i>	Maximum amount outstanding during the year <i>HK\$'000</i>	1 January 2011 <i>HK\$'000</i>
Patrick Lau	2	299	299
Andross Chan	1	296	296
	<u>3</u>	<u>595</u>	<u>595</u>

## XVII. SHARE CAPITAL

	As at 31 December 2011 <i>HK\$'000</i>	As at 31 August 2012 <i>HK\$'000</i>
Authorised: 38,000,000 ordinary shares of HK\$10 each	<u>380,000</u>	<u>380,000</u>
Issued and fully paid: 1,000 ordinary shares of HK\$10 each	<u>10</u>	<u>10</u>



**XVIII. RESERVES**

The capital reserve of Earthasia Limited represents the deemed contribution from shareholders as a result of a waiver of the amounts due to shareholders of HK\$6,005,000.

**XIX. OPERATING LEASE ARRANGEMENTS****As lessee**

Earthasia Limited leases its office properties under operating lease arrangements. Leases for properties are negotiated for terms of one year.

At the end of the year/period, Earthasia Limited had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
Within one year	<u>1,674</u>	<u>399</u>

**XX. RELATED PARTY TRANSACTIONS AND BALANCES**

In addition to the transactions and balances detailed elsewhere in note 27, Earthasia Limited had the following transactions and balances with related parties during the year/period:

## (a) Amounts due from related companies:

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
EYT Holdings Limited	74	105
EADG International Co. Ltd.	29	29
ETY Holdings Limited	29	29
E Studio Asia Limited	10	19
Earthasia Design Group Inc	–	55
Earthasia (Shanghai) Co., Ltd.	<u>–</u>	<u>9,749</u>
	<u>142</u>	<u>9,986</u>

The amounts due from related companies were unsecured, interest free and repayable on demand.

(b) Amounts due from associates:

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
EAI	569	–
Earthasia (Shanghai) Co., Ltd.	<u>309</u>	<u>–</u>
	<b><u>878</u></b>	<b><u>–</u></b>

The amounts due from associates were unsecured, interest free and repayable on demand.

Amounts disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

(c) Maximum amounts due from related companies during the year/period:

	<b>Year ended 31 December 2011 HK\$'000</b>	<b>Period from 1 January to 31 August 2012 HK\$'000</b>
EYT Holdings Limited	74	105
EADG International Co. Ltd.	29	29
ETY Holdings Limited	29	29
E Studio Asia Limited	10	19
Earthasia (Shanghai) Co., Ltd.	–	9,749
Earthasia Design Group Inc	<u>1,555</u>	<u>652</u>

(d) Amount due to a related company:

	<b>As at 31 December 2011 HK\$'000</b>	<b>As at 31 August 2012 HK\$'000</b>
EAI	<u>–</u>	<u>1,749</u>
	<b><u>–</u></b>	<b><u>1,749</u></b>

The amount due to a related company was unsecured, interest free and repayable on demand.

(e) Reimbursement to an associate/a related company:

	<b>Year ended 31 December 2011 <i>HK\$'000</i></b>	<b>Period from 1 January 2012 to 31 August 2012 <i>HK\$'000</i></b>
Earthasia (Shanghai) Co., Ltd.	<u>1,272</u>	<u>1,019</u>

(f) Service fee charged by a related company

	<b>Year ended 31 December 2011 <i>HK\$'000</i></b>	<b>Period from 1 January 2012 to 31 August 2012 <i>HK\$'000</i></b>
EA Group International, Inc.	<u>1,022</u>	<u>1,751</u>

Service fee charged was agreed mutually.

(g) Service income from then associates/related companies:

	<b>Year ended 31 December 2011 <i>HK\$'000</i></b>	<b>Period from 1 January 2012 to 31 August 2012 <i>HK\$'000</i></b>
Earthasia (Shanghai) Co., Ltd.	6,370	4,015
EAI	<u>1,027</u>	<u>385</u>
	<u>7,397</u>	<u>4,400</u>

Service fees charged were agreed mutually.

Earthasia (Shanghai) Co., Ltd. and EAI ceased to be the associates of Earthasia Limited in 2011.

Andross Chan and Patrick Lau have beneficial interests in entities in (a), (b), (c), (d), (e), (f) and (g) above as directors and/or shareholders.

(h) Compensation of key management personnel of the Group:

	<b>Year ended 31 December 2011</b>	<b>Period from 1 January 2012 to 31 August 2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	2,880	1,946
Pension scheme contributions	24	18
	<u>2,904</u>	<u>1,964</u>
Total compensation paid to key management personnel	<u>2,904</u>	<u>1,964</u>

Further details of directors' emoluments are included in note IV to the Financial Information.

#### XXI. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the year/period are as follows:

	<b>As at 31 December 2011</b>	<b>As at 31 August 2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b><i>Financial assets – Loans and receivables</i></b>		
Trade receivables	4,918	3,740
Financial assets included in prepayments, deposits and other receivables <i>(note XII)</i>	1,259	604
Amounts due from related companies	142	9,986
Amounts due from associates	878	–
Amounts due from directors	3	85
Cash and bank balances	1,821	1,264
	<u>9,021</u>	<u>15,679</u>
<b><i>Financial liabilities at amortised cost</i></b>		
Trade payables	704	685
Amount due to a related company	–	1,749
Financial liabilities included in other payables and accruals <i>(note XV)</i>	–	430
	<u>704</u>	<u>2,864</u>

**XXII. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES OF EARTHASIA LIMITED**

Earthasia Limited's principal financial instruments consist mainly of cash and bank balances, amounts due from related companies, amounts due from the associates, amounts due from directors, amount due to a related company. The main purpose of these financial instruments was to raise finance for the Earthasia Limited's operations. Earthasia Limited has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from Earthasia Limited's financial instruments are credit risk and liquidity risk. Earthasia Limited does not have any written risk management policies and guidelines. Generally, Earthasia Limited introduces conservative strategies on its risk management. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

**Credit risk**

Earthasia Limited trades only with recognised and creditworthy third parties. It is Earthasia Limited's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The credit risk of Earthasia Limited's other financial assets, which comprise cash and cash equivalents, amounts due from related companies, amounts due from an associate and directors, and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since Earthasia Limited trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within Earthasia Limited as the customer bases of Earthasia Limited's trade receivables are widely dispersed.

Earthasia Limited performs ongoing credit evaluations of its customers' financial conditions. The allowance for doubtful debts is based upon a review of the expected collectability of all trade receivables.

Further quantitative data in respect of Earthasia Limited's exposure to credit risk arising from receivables are disclosed in notes 27XI, 27XII, 27XX, 27XVI to the Financial Information.

**Liquidity risk**

Earthasia Limited monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The tables below summarise the maturity profile of Earthasia Limited's financial liabilities at the end of the year/period based on contractual undiscounted payments.

	<b>On demand</b> <i>HK\$'000</i>	<b>Less than 3 months</b> <i>HK\$'000</i>	<b>3 to 12 months</b> <i>HK\$'000</i>	<b>1 to 5 years</b> <i>HK\$'000</i>	<b>Over 5 years</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>31 December 2011</b>						
Trade payables	704	-	-	-	-	704
	<u>704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>704</u>
<b>31 August 2012</b>						
Trade payables	685	-	-	-	-	685
Other payables	-	430	-	-	-	430
Amount due to a related company	1,749	-	-	-	-	1,749
	<u>2,434</u>	<u>430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,864</u>

## 28. PLEDGE OF ASSETS

Details of the Group's asset pledged are included in note 22 to the Financial Information.

## 29. OPERATING LEASE ARRANGEMENTS

### As lessee

The Group leases its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to four years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	5,036	10,981	11,673
In the second to fifth years, inclusive	<u>2,226</u>	<u>12,647</u>	<u>9,575</u>
	<u>7,262</u>	<u>23,628</u>	<u>21,248</u>

**30. RELATED PARTY TRANSACTIONS AND BALANCES**

In addition to the transactions and balances detailed elsewhere in this Financial Information, the Group had the following transactions and balances with related parties during the Relevant Periods:

**The Group****Amounts due from related companies:**

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EYT Holdings Limited	3	108	–
Earthasia Design Group Inc	–	59	–
	<u>3</u>	<u>167</u>	<u>–</u>

Amounts disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

**Maximum amounts due from related companies during the year**

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EYT Holdings Limited	76	108	129
EADG International Co. Ltd	29	29	29
ETY Holdings Limited	29	29	29
Earthasia Design Group Inc	–	59	59
E Studio Asia Limited	8	8	8
	<u>8</u>	<u>8</u>	<u>8</u>

The amounts due from related companies bore no interest, were unsecured and had no fixed terms of repayment.

**Amount due to a related company:**

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earthasia Limited	878	–	–
	<u>878</u>	<u>–</u>	<u>–</u>

The amount due to a related company was unsecured, interest-free and had no fixed terms of repayment.

**Reimbursement of expenses from a related company:**

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earthasia Limited	1,272	1,019	–
	<u>1,272</u>	<u>1,019</u>	<u>–</u>

**Service fee charged by related companies:**

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Earthasia Limited	7,397	4,400	–
EA Group International, Inc.	2,290	5,991	9,468
	<u>9,687</u>	<u>10,391</u>	<u>9,468</u>

The services charged were mutually agreed between the Group and the related companies

Andross Chan and Patrick Lau, directors of the Company, have beneficial interests in above companies as shareholders and/or directors.

In 2012, the Group acquired the entire interests in Earthasia Limited from Andross Chan and Patrick Lau at a total consideration of HK\$7,664,000 <sup>(note 26)</sup>.

During the year ended 31 December 2013, the Group made an advance of HK\$751,000 to Andross Chan and the amount was repaid in the same year.

The Group entered into lease agreements with Andross Chan to lease certain properties. The rent paid to Andross Chan was HK\$580,000, HK\$592,000 and HK\$601,000 for the years ended 31 December 2011, 2012 and 2013, respectively. The rent has been agreed mutually between the Group and Andross Chan.

The Group entered into lease agreements with Tian Ming to lease certain properties. The rent paid to Tian Ming was HK\$580,000, HK\$592,000 and HK\$601,000 for the years ended 31 December 2011, 2012 and 2013, respectively. The rent has been agreed mutually between the Group and Tian Ming.

Tian Ming executed person guarantee for the interest bearing other borrowing to the Group at 31 December 2011, 2012 and 2013 to the extent of HK\$818,000, HK\$657,000 and HK\$480,000, respectively.

**The Company****Amount due to a subsidiary**

	31 December 2013 <i>HK\$'000</i>
Earthasia (International) Limited	<u>3,592</u>



The amount due to a subsidiary is unsecured, interest free and repayable on demand.

#### Compensation of key management personnel of the Group

	Year ended 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	3,752	7,765	12,176
Pension scheme contributions	453	568	614
Total compensation paid to key management personnel	<u>4,205</u>	<u>8,333</u>	<u>12,790</u>

### 31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each Relevant Period are as follows:

	Year ended 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Group</b>			
<i>Financial assets – Loans and receivables</i>			
Trade receivables	19,458	23,809	48,069
Financial assets included in prepayments, deposits and other receivables <i>(note 18)</i>	314	964	1,419
Amounts due from related companies	3	167	–
Amounts due from directors	322	111	52
Cash and bank balances	<u>50,957</u>	<u>27,854</u>	<u>64,364</u>
	<u>71,054</u>	<u>52,905</u>	<u>113,904</u>
<i>Financial liabilities at amortised cost</i>			
Trade payables	752	2,100	1,130
Financial liabilities included in other payables and accruals <i>(note 21)</i>	7,440	5,628	24,398
Amounts due to directors	80	80	–
Amount due to a related company	878	–	–
Interest-bearing other borrowing <i>(note 22)</i>	<u>818</u>	<u>657</u>	<u>480</u>
	<u>9,968</u>	<u>8,465</u>	<u>26,008</u>
<b>Company</b>			
<i>Financial liability at amortised cost</i>			
Amount due to a subsidiary			<u>3,592</u>

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments consist mainly of cash and bank balances, amounts due to directors, an interest-bearing other borrowing, amounts due from related companies, amounts due from directors, amount due to a related company. The main purpose of these financial instruments was to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. All of the Group's sales were denominated in functional currencies of the operating units making the sale, whilst approximately 96%, 93% and 85% of costs for the years ended 31 December 2011, 2012 and 2013 were denominated in the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in basis points	Increase/ (decrease) on equity <i>HK\$'000</i>
2013		
If the Hong Kong dollar weakens against the RMB	+5%	3,929
If the Hong Kong dollar strengthens against the RMB	-5%	(3,929)
2012		
If the Hong Kong dollar weakens against the RMB	+5%	2,226
If the Hong Kong dollar strengthens against the RMB	-5%	(2,226)
2011		
If the Hong Kong dollar weakens against the RMB	+5%	2,097
If the Hong Kong dollar strengthens against the RMB	-5%	(2,097)

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, amounts due from related companies and directors, financial assets include in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

The Group performs ongoing credit evaluations of its customers' financial conditions. The allowance for doubtful debts is based upon a review of the expected collectability of all trade receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from receivables are disclosed in notes 17, 18, 23 and 30 to the Financial Information.

**Liquidity risk**

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>						
<b>31 December 2011</b>						
Trade payables	752	-	-	-	-	752
Other payables	-	7,440	-	-	-	7,440
Amounts due to directors	80	-	-	-	-	80
Amount due to a related company	878	-	-	-	-	878
Interest-bearing other borrowing	-	57	172	764	-	993
	<u>1,710</u>	<u>7,497</u>	<u>172</u>	<u>764</u>	<u>-</u>	<u>10,143</u>
<b>31 December 2012</b>						
Trade payables	2,100	-	-	-	-	2,100
Other payables	-	5,628	-	-	-	5,628
Amounts due to directors	80	-	-	-	-	80
Interest-bearing other borrowing	-	57	172	534	-	763
	<u>2,180</u>	<u>5,685</u>	<u>172</u>	<u>534</u>	<u>-</u>	<u>8,571</u>
<b>31 December 2013</b>						
Trade payables	1,130	-	-	-	-	1,130
Other payables	-	24,398	-	-	-	24,398
Interest-bearing other borrowing	-	39	177	315	-	531
	<u>1,130</u>	<u>24,437</u>	<u>177</u>	<u>315</u>	<u>-</u>	<u>26,059</u>
<b>Company</b>						
<b>31 December 2013</b>						
Amount due to a subsidiary	3,592	-	-	-	-	3,592
	<u>3,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,592</u>

### Capital management

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt represents an interest-bearing other borrowing.

The gearing ratios as at 31 December 2011, 2012 and 2013 are as follows:

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Interest-bearing other borrowing <i>(note 22)</i>	818	657	480
Total equity	<u>49,910</u>	<u>61,430</u>	<u>85,906</u>
Gearing ratio	<u>1.6%</u>	<u>1.1%</u>	<u>0.6%</u>

### 33. SIGNIFICANT SUBSEQUENT EVENTS

- (a) On 14 January 2014, the Company declared a dividend of HK\$35 million to the Company's then shareholders.
- (b) Pursuant to an investment agreement dated 9 December 2013 and a subscription agreement dated 9 December 2013, PBLA Limited acquired 3,100 shares of HK\$0.01 each from the shareholders of the Company and subscribed for 454 new shares of HK\$0.01 each at a consideration of HK\$91,850,000 and HK\$15,000,000, respectively, representing an aggregate of approximately 34% of the issued share capital of the Company as enlarged by the issue of shares. The aforesaid acquisition and subscription of shares were legally completed on 16 January 2014.
- (c) On 17 February 2014, two lease agreements were entered into between Mr. Tian Ming, a director of the Company, his family members and the Group (as lessee) for a term of 10 months commencing on 1 March 2014 for monthly rentals of RMB12,000 and RMB15,000, respectively.
- (d) On 20 December 2013, two lease agreements were entered into between Andross Chan and the Group (as lessee) in respect of two properties for a term of three years commencing 1 January 2014 for monthly rentals of RMB24,000 and RMB10,000, respectively.
- (e) On 3 June 2014, the authorised share capital of the Company was increased to 780,000,000 shares of HK\$0.01 each by the creation of additional 742,000,000 shares of HK\$0.01 each. Conditional on the share premium account of the Company being credited as a result of the Company's global offering, the directors were authorised to capitalised HK\$2,999,895.46 standing to the credit of the Company's share premium account towards paying up in full at par of 299,989,546 shares of the Company of HK\$0.01 each.
- (f) On 2 January 2014, the Group completed the acquisition of a 99.95% equity interest in EA Group International, Inc. ("EAM"), which became a subsidiary of the Company thereafter. EAM is engaged in design and drawing support services to the major operating subsidiaries of the Group in the PRC and Hong Kong. Since the acquisition had not completed as at 31 December 2013, the results and the assets and liabilities of the companies are not consolidated in the Financial Information of the Group. The Director is in the process of assessing the purchase price allocation relating to the acquisition of EAM.

The statements of financial position of EAM as at 31 December 2011, 2012 and 2013, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years ended 31 December 2011, 2012 and 2013 are presented as follows:

## Statements of profit or loss and other comprehensive income of EAM

	<i>Notes</i>	Year ended 31 December		
		2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	<i>II</i>	3,312	7,742	9,468
Cost of sales		<u>(2,449)</u>	<u>(6,461)</u>	<u>(7,458)</u>
Gross profit		863	1,281	2,010
Administrative expenses		(864)	(1,281)	(2,007)
Other expense		<u>(422)</u>	<u>(1,200)</u>	<u>(1,250)</u>
Loss before tax	<i>III</i>	(423)	(1,200)	(1,247)
Income tax expense	<i>IV</i>	<u>-</u>	<u>-</u>	<u>(1)</u>
Loss for the year		<u><u>(423)</u></u>	<u><u>(1,200)</u></u>	<u><u>(1,248)</u></u>
Attributable to:				
Owners of the parent		<u><u>(423)</u></u>	<u><u>(1,200)</u></u>	<u><u>(1,248)</u></u>
Other comprehensive income/(loss) to be reclassified to in subsequent periods				
Exchange differences on foreign operation		<u>6</u>	<u>(84)</u>	<u>195</u>
Total comprehensive loss for the year		<u><u>(417)</u></u>	<u><u>(1,284)</u></u>	<u><u>(1,053)</u></u>

## Statements of financial position of EAM

		<b>31 December</b>		
	<i>Notes</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>				
Property and equipment	<i>V</i>	560	358	269
Deferred tax assets	<i>VI</i>	–	–	21
Deposits		<u>119</u>	<u>209</u>	<u>194</u>
		<u>679</u>	<u>567</u>	<u>484</u>
<b>CURRENT ASSETS</b>				
Cash and bank balances	<i>VII</i>	<u>216</u>	<u>278</u>	<u>270</u>
Total current assets		<u>216</u>	<u>278</u>	<u>270</u>
<b>CURRENT LIABILITIES</b>				
Accruals and other payables		1,674	2,730	3,670
Tax payable		<u>–</u>	<u>–</u>	<u>22</u>
Total current liabilities		<u>1,674</u>	<u>2,730</u>	<u>3,692</u>
<b>NET CURRENT LIABILITIES</b>		<u><b>(1,458)</b></u>	<u><b>(2,452)</b></u>	<u><b>(3,422)</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES AND NET LIABILITIES</b>				
		<u><u>(779)</u></u>	<u><u>(1,885)</u></u>	<u><u>(2,938)</u></u>
<b>EQUITY</b>				
Equity attributable to owners of the parent:				
Share capital	<i>VIII</i>	11	189	189
Exchange fluctuation reserve		7	(77)	118
Accumulated losses		<u>(797)</u>	<u>(1,997)</u>	<u>(3,245)</u>
<b>DEFICIENCY IN ASSETS</b>		<u><u>(779)</u></u>	<u><u>(1,885)</u></u>	<u><u>(2,938)</u></u>

## Statements of changes in equity of EAM

	Issued capital <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Accumulated Losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 1 January 2011</b>	11	1	(374)	(362)
Loss for the year	–	–	(423)	(423)
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	–	6	–	6
Total comprehensive loss for the year	–	6	(423)	(417)
<b>At 31 December 2011 and at 1 January 2012</b>	11	7	(797)	(779)
Issue of shares	178	–	–	178
Loss for the year	–	–	(1,200)	(1,200)
Other comprehensive loss for the year:				
Exchange differences on translation of foreign operations	–	(84)	–	(84)
Total comprehensive loss for the year	–	(84)	(1,200)	(1,284)
<b>At 31 December 2012 and at 1 January 2013</b>	189	(77)	(1,997)	(1,885)
Loss for the year	–	–	(1,248)	(1,248)
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	–	195	–	195
Total comprehensive loss for the year	–	195	(1,248)	(1,053)
<b>At 31 December 2013</b>	<b>189</b>	<b>118</b>	<b>(3,245)</b>	<b>(2,938)</b>



## Statements of cash flows of EAM

	Notes	Year ended 31 December		
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax		(423)	(1,200)	(1,248)
Adjustments for:				
Depreciation	V	<u>114</u>	<u>233</u>	<u>265</u>
		(309)	(967)	(983)
Increase in deposits		(55)	(81)	-
Increased in accruals and other payables		<u>1,221</u>	<u>932</u>	<u>1,174</u>
Cash generated from/(used in) operations		<u>857</u>	<u>(116)</u>	<u>191</u>
<b>Net cash flows from/(used in) operating activities</b>		<b>857</b>	<b>(116)</b>	<b>191</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of items of property and equipment	V	<u>(683)</u>	<u>-</u>	<u>(199)</u>
<b>Net cash flows used in investing activities</b>		<b>(683)</b>	<b>-</b>	<b>(199)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares		<u>-</u>	<u>178</u>	<u>-</u>
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>178</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b><u>174</u></b>	<b><u>62</u></b>	<b><u>(8)</u></b>
Cash and cash equivalents at beginning of year		<u>42</u>	<u>216</u>	<u>278</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b><u>216</u></b>	<b><u>278</u></b>	<b><u>270</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
<b>Cash and bank balances as stated in the statements of financial position</b>		<b><u>216</u></b>	<b><u>278</u></b>	<b><u>270</u></b>

**I. OPERATING SEGMENT INFORMATION**

For management purposes, EAM is organised into business unit based on its services and has one reportable operating segment which is the landscape design and drawing support in Philippines.

**II. REVENUE**

Revenue, which is also the EAM's turnover, represents service provision to landscape on design and drawing support during the Relevant Periods.

An analysis of revenue is as follows:

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>			
Service income	3,312	7,742	9,468

**III. LOSS BEFORE TAX**

The EAM's loss before tax is arrived at after charging:

	Notes	Year ended 31 December		
		2011	2012	2013
		HK\$'000	HK\$'000	HK\$'000
Cost of services provided		2,449	6,461	7,458
Depreciation	V	114	233	265

**IV. INCOME TAX***Regular corporate income tax (RCIT)*

Philippines income tax has been provided at the rate of 30% on the estimated taxable income during the Relevant Periods.

*Minimum corporate income tax (MCIT)*

Starting on the fourth taxable year after the year the business operations commenced, Philippine corporation is required to pay tax equivalent to the higher of 30% RCIT on taxable income and the 2% MCIT on gross income. Gross income is equivalent to revenue less direct costs. Any excess of the MCIT over RCIT can be carried forward and credited against RCIT for the three (3) succeeding taxable years.

	<b>Year ended 31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:			
Charge for the year	-	-	22
Deferred <i>(note VI)</i>	-	-	(21)
	<u>          </u>	<u>          </u>	<u>          </u>
Total tax charge for the year	<u>          </u>	<u>          </u>	<u>          1</u>

A reconciliation of the tax expense applicable to profit before tax at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, is as follows:

*Year ended 31 December 2013*

	<i>HK\$'000</i>
Loss before tax	<u>(1,248)</u>
Tax at the statutory tax rate	(374)
Expenses not deductible for tax	<u>375</u>
Tax charge for the year	<u>          1</u>

*Year ended 31 December 2012*

	<i>HK\$'000</i>
Loss before tax	<u>(1,200)</u>
Tax at the statutory tax rate	(360)
Expenses not deductible for tax	<u>360</u>
Tax charge for the year	<u>          -</u>

*Year ended 31 December 2011*

	<i>HK\$'000</i>
Loss before tax	(423)
	<u>          </u>
Tax at the statutory tax rate	(127)
Expenses not deductible for tax	127
	<u>          </u>
Tax charge for the year	-
	<u>          </u>

V. *PROPERTY AND EQUIPMENT*

	<b>Furniture and equipment</b> <i>HK\$'000</i>
<b>31 December 2013</b>	
At 31 December 2012, and at 1 January 2013:	
Cost	1,636
Accumulated depreciation	<u>(1,278)</u>
Net carrying amount	<u>358</u>
At 1 January 2013, net of accumulated depreciation	358
Additions	199
Depreciation	(265)
Exchange realignment	<u>(23)</u>
At 31 December 2013, net of accumulated depreciation	<u><u>269</u></u>
At 31 December 2013:	
Cost	1,708
Accumulated depreciation	<u>(1,439)</u>
Net carrying amount	<u><u>269</u></u>
<b>31 December 2012</b>	
At 31 December 2011, and at 1 January 2012:	
Cost	1,539
Accumulated depreciation	<u>(979)</u>
Net carrying amount	<u><u>560</u></u>
At 1 January 2012, net of accumulated depreciation	560
Depreciation	(233)
Exchange realignment	<u>31</u>
At 31 December 2012, net of accumulated depreciation	<u><u>358</u></u>
At 31 December 2012:	
Cost	1,636
Accumulated depreciation	<u>(1,278)</u>
Net carrying amount	<u><u>358</u></u>

	<b>Furniture and equipment</b> <i>HK\$'000</i>
<b>31 December 2011</b>	
At 31 December 2010, and at 1 January 2011:	
Cost	869
Accumulated depreciation	<u>(869)</u>
Net carrying amount	<u><u>–</u></u>
At 1 January 2011, net of accumulated depreciation	–
Additions	683
Depreciation	(114)
Exchange realignment	<u>(9)</u>
At 31 December 2011, net of accumulated depreciation	<u><u>560</u></u>
At 31 December 2011:	
Cost	1,539
Accumulated depreciation	<u>(979)</u>
Net carrying amount	<u><u>560</u></u>

#### VI. DEFERRED TAX ASSETS

The movements in deferred tax assets during the Relevant Periods are as follows:

##### Deferred tax assets

	<b>2011</b> <i>HK\$'000</i>	<b>31 December 2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
At 1 January	–	–	–
Credited to profit or loss during the year	<u>–</u>	<u>–</u>	<u>21</u>
At 31 December	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>21</u></u>

Deferred tax assets as at 31 December 2013 arose from the carryforward benefit of the excess of MCIT over RCIT.

#### VII. CASH AND BANK BALANCES

	<b>2011</b> <i>HK\$'000</i>	<b>31 December 2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
Cash and bank balances	<u>216</u>	<u>278</u>	<u>270</u>

**VIII. SHARE CAPITAL**

	<b>31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:			
10,000 ordinary shares of PHP100 each	<u>189</u>	<u>189</u>	<u>189</u>
Issued and fully paid:			
10,000 (2012: 10,000; 2011: 2,500) ordinary shares of PHP100 each	<u>11</u>	<u>189</u>	<u>189</u>

In February 2012, 7,500 ordinary shares of PHP100 were issued at par.

**IX. OPERATING LEASE ARRANGEMENTS****As lessee**

EAM entered into a two-year lease contract for the lease of its office space commencing on 1 October 2011 until 1 September 2013. The lease is renewable for another period subject to the lessor's approval. On 1 October 2013, EAM renewed the lease agreement for another two years which will end on 30 September 2015. The lease contract is subject to 10% annual escalation starting on the second year of the lease.

At the end of each of the Relevant Periods, EAM had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>31 December</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	791	730	837
In the second to fifth years, inclusive	<u>687</u>	<u>–</u>	<u>674</u>
	<u>1,478</u>	<u>730</u>	<u>1,511</u>

**X. RELATED PARTY TRANSACTIONS AND BALANCES**

In addition to the transactions and balances detailed elsewhere in these financial statements, EAM had the following transactions and balances with related companies during the Relevant Periods:

Service income from related companies:

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Earthasia Limited	1,022	2,795	–
Earthasia (Shanghai) Co., Ltd	2,099	4,905	4,695
EAI	191	42	4,773
	<u>3,312</u>	<u>7,742</u>	<u>9,468</u>

The services charged were mutually agreed between EAM and the related companies

#### XI. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods are as follows:

	31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>			
<b><i>Financial assets – Loans and receivables</i></b>			
Cash and bank balances	<u>216</u>	<u>278</u>	<u>270</u>
	<u>216</u>	<u>278</u>	<u>270</u>
<b><i>Financial liabilities at amortised cost</i></b>			
Financial liabilities included in other payables and accruals	<u>1,674</u>	<u>2,730</u>	<u>3,670</u>
	<u>1,674</u>	<u>2,730</u>	<u>3,670</u>

#### XII. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

EAMs principal financial instruments consist mainly of cash and bank balances. The main purpose of these financial instruments was to raise finance for the EAM's operations. EAM has other financial liabilities such as other payables, which arise directly from its operations.

The main risk arising from the EAM's financial instruments is liquidity risk. EAM does not have any written risk management policies and guidelines. Generally, EAM introduces conservative strategies on its risk management. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:



*Liquidity risk*

EAM monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The tables below summarise the maturity profile of the EAM's financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted payments.

	On demand <i>HK\$'000</i>	Less than 3 months <i>HK\$'000</i>	3 to 12 months <i>HK\$'000</i>	1 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2011</b>						
Financial liabilities included in other payables and accruals	1,674	–	–	–	–	1,674
	<u>1,674</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,674</u>
<b>31 December 2012</b>						
Financial liabilities included in other payables and accruals	2,730	–	–	–	–	2,730
	<u>2,730</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,730</u>
<b>31 December 2013</b>						
Financial liabilities included in other payables and accruals	3,670	–	–	–	–	3,670
	<u>3,670</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,670</u>

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2013.

Yours faithfully,

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Reports as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only. For the purpose of this Appendix, Earthasia International Holdings Limited is referred to as our "Company" and, together with the subsidiaries, our "Group".

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is for illustrative purposes only, and is set out here to provide investors with further information about how the proposed listing of the shares of our Company might have affected the consolidated net tangible assets after completion of the Global Offering. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of our Group's financial results and position of the financial period concerned.

#### (A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an unaudited pro forma adjusted consolidated net tangible assets of our Group which is based on the audited consolidated net tangible assets of our Group attributable to the owners of our Company as at 31 December 2013 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, adjusted as described below. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group.

	Audited consolidated net tangible assets attributable to owners of our Company as at 31 December 2013 <i>HK\$ in '000<sup>(1)</sup></i>	Estimated net proceeds from the Global Offering <i>HK\$ in '000<sup>(2)</sup></i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company <i>HK\$ in '000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>HK\$<sup>(3)</sup></i>
Based on Offer Price of HK\$ 1.00 per Offer Share	80,184	79,222	159,406	0.40
Based on Offer Price of HK\$ 1.20 per Offer Share	80,184	98,420	178,604	0.45

*Notes:*

- (1) The consolidated net tangible assets attributable to owners of the Company as of 31 December 2013, is equal to the audited consolidated net assets attributable to owners of the Company of HK\$85,715,000 as of 31 December 2013 less other intangible assets of HK\$1,542,000 and deferred tax assets of HK\$3,989,000 as of the same date.
- (2) The estimated net proceeds from the Global Offering are based in the offer price of HK\$1.00 to HK\$1.20 per share being the low end and high end of the state Offer Price range, after deduction of the underwriting fees and other related expenses payable by the Company, and do not take into account if any shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per share are determined after the adjustments as described in note (2) above and on the basis that 400,000,000 Shares (being the number of shares expected to be in issue immediately after completion of the Global Offering, without taking into account of any shares which may be issued upon the exercise of the Over-allotment Option) are issued and outstanding.
- (4) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2013 including a dividend declared on 14 January 2014 of HK\$35,000,000 and share subscription by PBLA on 16 January 2014 of HK\$15,000,000.

**(B) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

22/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong  
Tel:+852 2846 9888  
Fax:+852 2846 4432  
www.ey.com

12 June 2014

The Directors  
Earthasia International Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Earthasia International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2013, and related notes as set out on Appendix II(A) of the prospectus dated 12 June 2014 (the “Prospectus”) issued by the Company (the “Unaudited Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in notes (1) to (4) of Appendix II(A) of the Company’s prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 31 December 2013, as if the transaction had taken place at 31 December 2013. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the year ended 31 December 2013, on which an accountant’s report has been published.

**Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**Reporting Accountant's responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

---

## APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

*Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.*

*The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 November 2013 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").*

### 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

### 2. ARTICLES OF ASSOCIATION

The Articles were adopted on 3 June 2014 and effective on the Listing Date. The following is a summary of certain provisions of the Articles:

#### (a) Shares

##### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

##### (ii) *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

**(b) Directors**

***(i) Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

***(ii) Power to dispose of the assets of the Company or any subsidiary***

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

***(iii) Compensation or payments for loss of office***

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

***(iv) Loans and provision of security for loans to Directors***

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

***(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries***

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or



---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

- (dd) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or
- (ee) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

**(vi)    *Remuneration***

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vii) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

***(viii) Borrowing powers***

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

***(ix) Register of Directors and officers***

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

***(x) Proceedings of the Board***

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

**(c) Alterations to the constitutional documents**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(e)     Alteration of capital**

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

**(f)     Special resolution – majority required**

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

---

## APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

An “ordinary resolution”, by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

**(g) Voting rights (generally and on a poll) and right to demand a poll**

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

- (i) the chairman of the meeting; or
- (ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

---

## **APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

---

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

### **(h) Annual general meetings**

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

### **(i) Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.



---

## APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

### **(j) Notices of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

---

## APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
  - (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
  - (cc) the election of Directors in place of those retiring;
  - (dd) the appointment of auditors;
  - (ee) the fixing of the remuneration of the Directors and of the auditors;
  - (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
  - (gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.
- (k) Transfer of shares**

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its

---

## APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

### **(I) Power of the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

**(m) Power of any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

**(n) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(o) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

**(p)    Calls on shares and forfeiture of shares**

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

---

## **APPENDIX III            SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

---

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

### **(q)    Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

### **(r)    Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

### **(s)    Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

### **(t)    Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

---

## APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

### **(u) Untraceable members**

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the



---

## **APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

---

Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(v) Subscription rights reserve**

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

### **3. CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 25 November 2013 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Company operations**

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

**(b) Share capital**

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;

---

## APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

### **(c) Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

### **(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. A

---

## APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

### **(e) Dividends and distributions**

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

---

## **APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW**

---

### **(f)      Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i)      an act which is ultra vires the company or illegal;
- (ii)     an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii)    an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

### **(g)      Disposal of assets**

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **(h)      Accounting and auditing requirements**

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

---

**APPENDIX III            SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
  - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
  - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 10 December 2013.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

**(l)      Loans to directors**

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

**(m)      Inspection of corporate records**

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

**(n)      Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

**(o)      Winding up**

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

---

## APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

---

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

### **(p) Reconstructions**

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

---

**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

---

**(q)    Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

**(r)    Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**4.    GENERAL**

Appleby, the Company's legal advisor on Cayman Islands law, has sent to the Company a letter of advice dated 12 June 2014 which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.



**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 25 November 2013. Our Company has established a principal place of business in Hong Kong at Room 1101-2, 11/F, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part XI of the Predecessor Companies Ordinance on 16 January 2014. Ms. Chan Chi Hing who resides at Flat B, 32/F, Hoi Fai Court (Tower 2), South Horizons Phase I, 2 South Horizon Drive, Ap Lei Chau, Hong Kong and Mr. Chan Yick Yan Andross who resides at 1/F, Block 23, Full Silver Garden Phase 2, 50 Yuen Kong San Tsuen, Kam Sheung Road, New Territories, Hong Kong, have been appointed as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Companies Law and its constitution documents which comprises the Memorandum of Association and the Articles of Association. A summary of various parts of the constitution documents and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

**2. Changes in share capital of our Company**

- (a) Our Company was incorporated on 25 November 2013 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued fully paid to Reid Services Limited at par and was transferred to CYY at par on 25 November 2013. On the same date, additional 2,999 Shares and 2,000 Shares were allotted and issued fully paid to CYY and LSBJ at par respectively.
- (b) On 2 December 2013, our Company allotted and issued 3,000 Shares and 2,000 Shares (all credited as fully paid) to CYY and LSBJ respectively pursuant to the Share Swap Agreement, as consideration for the acquisition by Earthasia (BVI) of the entire issued share capital of Earthasia (International).
- (c) On 16 January 2014, LSBJ and CYY transferred to PBLA 1,700 and 1,400 Shares at the consideration of HK\$50,370,000 and HK\$41,480,000 respectively which were determined by reference to the financial position and profitability of the Group. On the same date, our Company issued and allotted 454 Shares (all credited as fully paid) to PBLA at a consideration of HK\$15,000,000 which was also determined by reference to the financial position and profitability of the Group.
- (d) On 3 June 2014, the authorised share capital of our Company was increased from HK\$380,000 to HK\$7,800,000 by the creation of an additional 742,000,000 new Shares pursuant to a resolution in writing passed by the Shareholders referred to in the paragraph headed “Written resolutions of the Shareholders” below.

Immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$7,800,000 divided into 780,000,000 Shares and the issued share capital of our Company will be HK\$4,000,000 divided into 400,000,000 Shares, all fully paid or credited as fully paid, with 380,000,000 Shares remaining unissued.

Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of the Shareholders” below and the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since the date of its incorporation.

### **3. Changes in share capital of the subsidiaries of our Company**

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

In addition to the alterations disclosed in the paragraph headed “Corporate reorganisation” below, the following alteration in the share capital of any of the subsidiaries of our Company took place within the two years immediately prior to the date of this prospectus.

#### **(a) *Earthasia (BVI)***

Earthasia (BVI) was incorporated in BVI on 27 November 2013. Earthasia (BVI) is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to our Company at par and such allotment and issuance of shares were legally completed on 27 November 2013.

#### **(b) *Earthasia (International)***

On 2 December 2013, EYT, Mr. Chan and Mr. Lau transferred 2,500 shares, 1,750 shares and 750 shares of Earthasia (International) to our Company respectively pursuant to the Share Swap Agreement in consideration of our Company issuing and allotting 3,000 Shares and 2,000 Shares (all credited as fully paid) to CYY and LSBJ respectively.

#### **(c) *Earthasia (Manila)***

On 23 February 2012, Earthasia (Manila) allotted and issued 1,500 fully paid shares to each of Mr. Chan, Mr. Lau, Mr. Jose Dinjotian Mejia, Mr. Hector Gonzales Evangelista and Mr. Renato Rusiana Patricio at par. On 20 February 2013, Mr. Renato Rusiana Patricio assigned and transferred 999 shares, 1,000 shares and 1 share of Earthasia (Manila) to Mr. Lau,

Mr. Chan and Mr. Wong Lung Wa Andrew respectively at par. On the same date, Mr. Jose Dinjotian Mejia assigned and transferred 1,999 shares and 1 share of Earthasia (Manila) to Mr. Chan and Ms. Wong Lei Kam Winnie respectively at par. Further, on the same date, Mr. Hector Gonzales Evangelista assigned and transferred 1,999 shares and 1 share of Earthasia (Manila) to Mr. Lau and Mr. Chan Yuen King Paul respectively at par. On 2 January 2014, the assignment and transfer of 4,998 shares and 4,997 shares of Earthasia (Manila) from Mr. Chan and Mr. Lau to Earthasia (International) respectively at par were legally completed. On 20 February 2014, the assignment and transfer of one share of Earthasia (Manila) from Earthasia (International) to each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles were legally completed. Each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles held one share of Earthasia (Manila) on trust for Earthasia (International). Each of Mr. Chan Yuen King Paul, Ms. Wong Lei Kam Winnie and Mr. Wong Lung Wa Andrew entered into a deed of sale with Earthasia (International) on 26 March 2014, 27 March 2014 and 27 March 2014 respectively for the transfer of one share of Earthasia (Manila) held by each of them to Earthasia (International) at par. Earthasia (Manila) is in the process of obtaining the Certificate Authorizing Registration from the Bureau of Internal Revenue of the Philippines and the transfer of the said shares will be legally completed once the said certificate is issued.

**(d) Earthasia (Hong Kong)**

On 28 August 2012, Mr. Lau and Mr. Chan transferred their respective 600 shares and 400 shares in Earthasia (Hong Kong) to Earthasia (Shanghai) at the consideration of RMB3,776,327.44 and RMB2,517,551.63 (with reference to the net asset value of Earthasia (Hong Kong) as valued by a valuer as at 31 December 2011) respectively as group restructuring and such transfer of shares was legally completed on 28 August 2012.

**(e) Earthasia (Xiamen)**

Earthasia (Xiamen) was established under the laws of the PRC on 5 March 2013 with a registered capital of RMB1,000,000. Earthasia (Xiamen) was owned as to 75% by Earthasia (Shanghai) and 25% by Ms. Lin, an Independent Third Party other than her interest and employment in Earthasia (Xiamen).

**(f) Earthasia (Guangzhou)**

Earthasia (Guangzhou) was established under the laws of the PRC on 30 July 2013 with a registered capital of RMB1,000,000. Earthasia (Guangzhou) was wholly owned by Earthasia (Hong Kong).

**(g) Earthasia (Linkong)**

Earthasia (Linkong) was established under the laws of the PRC on 20 November 2013 with a registered capital of RMB1,000,000. Earthasia (Linkong) was wholly owned by Earthasia (Shanghai).

Save as disclosed in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

#### 4. Written resolutions of the Shareholders

Pursuant to the written resolutions of our Shareholders passed on 3 June 2014, among other things:

- (a) our Company approved and adopted the Articles, the terms of which are summarised in Appendix III to this prospectus;
- (b) the authorised share capital of our Company was increased from HK\$380,000 to HK\$7,800,000 by the creation of additional 742,000,000 Shares of HK\$0.01 each;
- (c) conditional on (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus including any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise (collectively the “**Conditions**”):
  - (i) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued pursuant to the exercise of the Over-allotment Option;
  - (ii) the Share Option Scheme was approved and adopted and our Directors were authorised subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares thereunder and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme; and
  - (iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$2,999,895.46 standing to the credit of our Company’s share premium account towards paying up in full at par 299,989,546 Shares for allotment and issue to holders of Shares whose names appeared on the register of members of our Company at the close of business on 3 June 2014 (or as they may direct) in proportion as nearly as may be without involving fractions to their then existing shareholdings in our Company and the Shares to be allotted and issued pursuant to the resolution shall rank pari passu in all respects with the existing issued Shares (other than the Capitalisation Issue) and our Directors or any committee of the Board were authorised to give effect to the Capitalisation Issue;

- (d) conditional upon the fulfillment of the Conditions:
- (i) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangement providing for the allotment and issue of the Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, or the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares or the exercise of the Over-allotment Option or an issue of Shares pursuant to the exercise of options which may be granted under the Share Option Scheme, Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately upon completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). Such mandate will expire at the conclusion of the next annual general meeting of our Company; or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law of the Cayman Islands to be held; or when revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever occurs first;
  - (ii) a general unconditional mandate was given to our Directors authorising the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the Listing Rules (or of such other stock exchange), of Shares not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately upon completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). Such mandate will expire at the conclusion of the next annual general meeting of our Company; or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law of the Cayman Islands to be held; or when revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever occurs first; and
  - (iii) the general unconditional mandate as mentioned in sub-paragraph (d)(i) above was extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d)(ii) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue

immediately following completion of the Capitalisation Issue and the Global Offering but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

## 5. Corporate reorganisation

Our Group has undergone a Reorganisation in preparation for Listing which involved the follow steps:

- (a) On 22 November 2013, LSBJ was incorporated in BVI with limited liability. LSBJ is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to Mr. Lau at par. LSBJ was set up to be a corporate shareholder of our Company.
- (b) On 22 November 2013, CYY was incorporated in BVI with limited liability. CYY is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to Mr. Chan at par. CYY was set up to be a corporate shareholder of our Company.
- (c) Our Company was incorporated in the Cayman Islands on 25 November 2013 as an exempted company with limited liability. As at the date of its incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued fully paid to Reid Services Limited at par, being the initial subscriber. On 25 November 2013, the one Share held by Reid Services Limited was transferred to CYY and additional 2,999 Shares and 2,000 Shares were allotted and issued fully paid to CYY and LSBJ at par, respectively.
- (d) On 27 November 2013, Earthasia (BVI) was incorporated in BVI with limited liability. Earthasia (BVI) is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each, of which 100 shares were allotted and issued fully paid to our Company at par. Earthasia (BVI) was set up to be an intermediate holding company and holds the entire issued share capital of Earthasia (International).
- (e) On 2 December 2013, our Company allotted and issued 3,000 Shares and 2,000 Shares (all credited as fully paid) to CYY and LSBJ respectively pursuant to the Share Swap Agreement, as consideration for the acquisition by Earthasia (BVI) of the entire issued share capital of Earthasia (International).
- (f) On 2 January 2014, the assignment and transfer of 4,998 shares and 4,997 shares of Earthasia (Manila) from Mr. Chan and Mr. Lau to Earthasia (International) respectively at par were legally completed. As a result, Earthasia (International) became the shareholder of Earthasia (Manila) holding 99.95% of the total issued and outstanding share of Earthasia (Manila).

- (g) On 16 January 2014, LSBJ and CYY transferred 1,700 Shares and 1,400 Shares to PBLA at the consideration of HK\$50,370,000 and HK\$41,480,000 respectively which were determined by reference to the financial position and profitability of our Group.
- (h) On 16 January 2014, our Company allotted and issued 454 Shares to PBLA at the consideration of HK\$15,000,000 which was determined by reference to the financial position and profitability of our Group.
- (i) On 20 February 2014, the assignment and transfer of one share of Earthasia (Manila) from Earthasia (International) to each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles were legally completed. Each of Mr. Adjutor Santos Geronimo, Mr. Eduardo Custodio De Borja and Ms. Rosanna Derla Dedeles hold one share of Earthasia (Manila) on trust for Earthasia (International).
- (j) Each of Mr. Chan Yuen King Paul, Ms. Wong Lei Kam Winnie and Mr. Wong Lung Wa Andrew entered into a deed of sale with Earthasia (International) on 26 March 2014, 27 March 2014 and 27 March 2014 respectively for the transfer of one share of Earthasia (Manila) held by each of them to Earthasia (International) at par. Earthasia (Manila) is in the process of obtaining the Certificate Authorizing Registration from the Bureau of Internal Revenue of the Philippines and the transfer of the said shares will be legally completed once the said certificate is issued.

## 6. Repurchase by our Company of our own securities

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

- (a) ***The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.***
  - (i) *Shareholders' approval*

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

*Note:* Pursuant to the written resolutions of the Shareholders passed on 3 June 2014, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase the Shares as described above in the section headed "Written resolutions of the Shareholders" in this Appendix to this prospectus.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. Our Company may not repurchase our own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) *Connected parties*

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "connected person", which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or an associate of any of them and a connected person shall not knowingly sell Shares to our Company.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and the Shareholders for the Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue after completion of the Capitalisation Issue and the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), could accordingly result in up to 40,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) *Funding of repurchase*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.



Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

*(e) General*

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified us that he has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

**B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP****1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of our Group within the two years immediately preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:


- (a) the sale and purchase agreement dated 27 February 2012 entered into between Mr. Lau, Mr. Chan and Earthasia (Shanghai) pursuant to which Mr. Lau and Mr. Chan agreed to sell 600 shares and 400 shares of Earthasia (Hong Kong) to Earthasia (Shanghai) at the consideration of RMB3,776,327.44 and RMB2,517,551.63 respectively;
- (b) the deed of assignment executed by Earthasia (International) dated 20 February 2014 in respect of the transfer of one share of Earthasia (Manila) from Earthasia (International) to Mr. Adjutor Santos Geronimo;
- (c) the deed of assignment executed by Earthasia (International) dated 20 February 2014 in respect of the transfer of one share of Earthasia (Manila) from Earthasia (International) to Mr. Eduardo Custodio De Borja;
- (d) the deed of assignment executed by Earthasia (International) dated 20 February 2014 in respect of the transfer of one share of Earthasia (Manila) from Earthasia (International) to Ms. Rosanna Derla Dedeles;
- (e) the deed of sale of share executed by Mr. Chan Yuen King Paul and Earthasia (International) dated 26 March 2014 in respect of the transfer of one share of Earthasia (Manila) from Mr. Chan Yuen King Paul to Earthasia (International) at the consideration of PHP100.00;
- (f) the deed of sale of share executed by Ms. Wong Lei Kam Winnie and Earthasia (International) dated 27 March 2014 in respect of the transfer of one share of Earthasia (Manila) from Ms. Wong Lei Kam Winnie to Earthasia (International) at the consideration of PHP100.00;
- (g) the deed of sale of share executed by Mr. Wong Lung Wa Andrew and Earthasia (International) dated 27 March 2014 in respect of the transfer of one share of Earthasia (Manila) from Mr. Wong Lung Wa Andrew to Earthasia (International) at the consideration of PHP100.00;
- (h) the Pre-IPO Subscription Agreement;
- (i) the Share Swap Agreement;
- (j) the Deed of Non-competition;

- (k) the Deed of Indemnity; and
- (l) the Public Offer Underwriting Agreement.

## C. INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

### 1. Trademark

- (a) As at the Latest Practicable Date, our Group has registered the following trademark in Hong Kong which we believe to be material to our business:

Trademark	Registered Owner	Class <i>(Note)</i>	Registration		
			Number	Registration Date	Expiry Date
	Earthasia Limited	42, 44	300734689	5 October 2006	4 October 2016

- (b) As at the Latest Practicable Date, our Group has registered the following trademarks in the PRC which we believe to be material to our business:

Trademark	Registered Owner	Class (Note)	Registration Number	Valid Period
	Earthasia (Shanghai)	44	9159272	21 March 2012 – 20 March 2022
夜景观	Earthasia (Shanghai)	11	11178562	28 November 2013 – 27 November 2023
夜景观	Earthasia (Shanghai)	42	11178565	28 November 2013 – 27 November 2023
泛亚夜景观	Earthasia (Shanghai)	11	11178559	7 January 2014 – 6 January 2024
泛亚夜景观	Earthasia (Shanghai)	44	11178561	28 November 2013 – 27 November 2023
nightscape	Earthasia (Shanghai)	11	11178504	7 January 2014 – 6 January 2024
nightscape	Earthasia (Shanghai)	42	11178507	7 January 2014 – 6 January 2024
nightscape	Earthasia (Shanghai)	44	11178506	28 November 2013 – 27 November 2023
EADG nightscape	Earthasia (Shanghai)	11	11178566	7 January 2014 – 6 January 2024
EADG nightscape	Earthasia (Shanghai)	42	11178503	28 November 2013 – 27 November 2023
EADG nightscape	Earthasia (Shanghai)	44	11178502	28 November 2013 – 27 November 2023

*Note:*

- Class 11 – Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.
- Class 42 – Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.
- Class 44 – Medical services; veterinary services; hygienic and beauty care for human beings or animals; agriculture, horticulture and forestry services.

## 2. Patent

As at the Latest Practicable Date, our Group had registered the following patents (實用新型專利) with the State Intellectual Property Bureau in the PRC which we believe to be material to our business:

Patent	Registered Owner	Type	Registration Number	Date of Application	Expiry Date
Acoustical control fountain system (音控噴泉系統)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506872.6	14 August 2013	13 August 2023
LED landscape lights system (LED 景觀燈系統)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506919.9	14 August 2013	13 August 2023
Thermal teahouse (熱效茶室)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506875.X	14 August 2013	13 August 2023

Patent	Registered Owner	Type	Registration Number	Date of Application	Expiry Date
Afforestation device of drain for rainwater (雨落管綠化裝置)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506871.1	14 August 2013	13 August 2023
Landscape Follow rack (景觀花架)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506916.5	14 August 2013	13 August 2023
Drainage devices (排水裝置)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506873.0	14 August 2013	13 August 2023
Pergola style nests (藤架式窩巢)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506917.X	14 August 2013	13 August 2023

Patent	Registered Owner	Type	Registration Number	Date of Application	Expiry Date
Combined type landscape unites (組合式景觀小品)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506874.5	14 August 2013	13 August 2023
Tree pond cover plates (樹池蓋板)	Earthasia (Shanghai), Earthasia (Shanghai) Beijing Branch, Earthasia (Shanghai) Guangzhou Branch, Earthasia (Shanghai) Shenzhen Branch, Earthasia (Shanghai) Wuhan Branch, Earthasia (Shanghai) Chengdu Branch, Earthasia (Shanghai) Xi'an Branch, Earthasia (Xiamen)	Utility Model Patent (實用新型專利)	201320506918.4	14 August 2013	13 August 2023

### 3. Domain name

As at the Latest Practicable Date, our Group has registered the following domain names which we believe to be material to our business:

Domain Name	Registrant	Registration Date	Expiry Date
eadg.com.hk	Earthasia (Hong Kong)	7 April 2009	14 April 2019
ea-dg.com	Earthasia (Hong Kong)	5 September 2006	5 September 2018
earthasia.com.hk	Earthasia (Hong Kong)	9 March 2004	11 March 2017

## D. DISCLOSURE OF INTERESTS

### 1. Interests and short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalisation Issue, taking no account of the Shares to be allotted and issued pursuant to the Over-allotment Option and options which may be granted under the Share Option Scheme, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our

Company or any of the associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

*Long position in Shares*

Name of Director	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding interests of our Company
Mr. Chan	Interest in a controlled corporation <sup>(Note 1)</sup>	132,006,887 Shares	33.0%
Mr. Lau	Interest in a controlled corporation <sup>(Note 2)</sup>	66,003,444 Shares	16.5%

*Notes:*

1. CYY is 100% beneficially owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the Shares held by CYY under the SFO.
2. LSBJ is 100% beneficially owned by Mr. Lau. Accordingly, Mr. Lau is deemed to be interested in the Shares held by LSBJ under the SFO.

**2. Interests and short positions of Substantial Shareholders in the Shares, and underlying Shares of our Company**

So far as it is known to our Directors and save as disclosed in this prospectus, immediately following completion of the Global Offering and the Capitalisation Issue, and taking no account of any Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:



*Long position in Shares*

<b>Name</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding interests of our Company</b>
CYY <i>(Note 1)</i>	Beneficial owner	132,006,887 Shares	33.0%
PBLA <i>(Note 2)</i>	Beneficial owner	101,989,669 Shares	25.5%
Pubang (Hong Kong) <i>(Note 2)</i>	Interest in a controlled corporation	101,989,669 Shares	25.5%
Pubang <i>(Note 2)</i>	Interest in a controlled corporation	101,989,669 Shares	25.5%
Mr. Tu Shan Zhong <i>(Note 2)</i>	Interest in a controlled corporation	101,989,669 Shares	25.5%
LSBJ <i>(Note 3)</i>	Beneficial owner	66,003,444 Shares	16.5%

*Notes:*

1. CYY is 100% beneficially owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the Shares held by CYY under the SFO.
2. PBLA is 100% beneficially owned by Pubang (Hong Kong), which is in turn 100% beneficially owned by Pubang. Mr. Tu Shan Zhong is interested in 34.4% of the equity interest of Pubang. Accordingly, each of Pubang (Hong Kong), Pubang and Mr. Tu Shan Zhong is deemed to be interested in the Shares held by PBLA under the SFO.
3. LSBJ is 100% beneficially owned by Mr. Lau. Accordingly, Mr. Lau is deemed to be interested in the Shares held by LSBJ under the SFO.

### 3. Particulars of service contracts

Each of the executive Directors has entered into a service agreement with our Company. The terms and conditions of each of such service agreements are similar in all material aspects and are briefly described as follows:

- (a) Each service agreement is for an initial fixed term of three years commencing from the Listing Date and shall continue thereafter until it is terminated by the executive Director by giving to our Company not less than three months' notice in writing at any time after such initial fixed term or by our Company giving to the executive Director not less than three months' prior notice in writing at any time after the date of agreement.
- (b) The annual remuneration (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) for the year ending 31 December 2014 payable to Mr. Lau, Mr. Chan and Mr. Tian under their respective service agreements will be approximately HK\$2,400,000, HK\$2,800,000 and HK\$2,300,000 respectively.
- (c) Each of the executive Directors may be entitled to, if so recommended by our remuneration committee and approved by the Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of the executive Director provided that the aggregate amount of bonuses payable to all the executive Directors in respect of any financial year shall not exceed 5% of the audited consolidated net profits of our Group after taxation and minority interests but before extraordinary items attributable to our Shareholders for the relevant financial year.
- (d) Each of the executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the remuneration payable to himself.

Each of the non-executive Directors has entered into a service agreement with our Company under which each of them is appointed for a period of three years commencing from the Listing Date. The annual director's fee payable to Mr. Michael John Erickson under his letter of appointment is HK\$1,900,000 whereas the same payable to each of Mr. Ma Lida and Ms. Huang Yaping under their respective letter of appointment is HK\$600,000. Each of the independent non-executive Directors has entered into a service agreement with our Company under which each of them is appointed for a period of one year commencing from the Listing Date. The annual director's fee payable to each of Ms. Tam Ip Fong Sin, Mr. Wong Wang Tai and Mr. Wang Yuncai under their respective letter of appointment shall be HK\$120,000. Save for the annual director's fees mentioned above, none of the independent non-executive Directors is expected to receive any other remuneration for holding his office as an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

#### 4. Remuneration of Directors

During the Track Record Period, our Directors confirmed that our Group's remuneration policy for our Directors and senior management members of the subsidiaries were based on their experience, level of responsibility and general market conditions. Any discretionary bonus was linked to the business performance of our Group and the individual performance of such Directors and senior management members. Our Company intends to adopt the same remuneration policy after the Listing, subject to the review by and the recommendations of our remuneration committee.

For each of the three years ended 31 December 2011, 2012 and 2013, the aggregate amount of fees, salaries, allowances, discretionary payments, bonuses and contribution to pension schemes paid by our Company to the Directors were approximately HK\$1.6 million, HK\$5.2 million and HK\$9.3 million, respectively.

Further information in respect of our Directors' emoluments is set out in Appendix I to this prospectus. It is expected that the aggregate emoluments (excluding payment pursuant to any discretionary bonus or granting of share options) payable by our Group to our Directors (including the independent non-executive Directors) for the year ending 31 December 2014 will be approximately HK\$10,960,000. For the year ending 31 December 2014, there will be no material increment in the remuneration of our executive Directors (excluding payment pursuant to any discretionary bonus or granting of share options) as compared to 31 December 2013.

Save as disclosed in Appendix I to this prospectus, none of our Directors received any remuneration or benefits in kind from our Group during the Track Record Period.

#### 5. Disclaimers

Save as disclosed in this prospectus:

- (a) so far as our Directors are aware, none of our Directors or chief executive has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) immediately following the completion of the Global Offering and assuming that the Over-allotment Option and the options which may be granted under the Share Option Scheme are not exercised, which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or which will be required, pursuant to the Listing Rules relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, once the Shares are listed;
- (b) so far as our Directors are aware, none of our Directors and experts referred to under the heading "Qualifications of experts" of this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two

years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (c) none of our Directors and experts referred to under the heading “Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group, excluding contracts which are determinable by the employer within one year without payment of compensation other than statutory compensation;
- (e) taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, our Directors are not aware of any person, not being a Director of our Company, who will, immediately following completion of the Global Offering and the Capitalisation Issue, be interested in or has short positions in the Shares or underlying shares of our Company which have to be notified to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO once the Shares are listed, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (f) none of the experts referred to under the heading “Qualifications of experts” of this Appendix has any shareholding in any member of our Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) none of our Directors, their associates or any shareholder of our Company (which to the knowledge of our Directors owns more than 5% of our Company’s issued share capital) has any interest in our Group’s five largest suppliers and five largest clients.

#### **6. Agency fees or commissions received**

Information on the agency fees or commissions received by the Underwriter is set out in section headed “Underwriting” in this prospectus.

Save as disclosed herein and in the section headed “Directors, senior management and employees” and the Accountants’ Report set out in Appendix I to this prospectus, none of the Directors, or the experts named in the paragraph headed “Qualifications of experts” in this Appendix had received any agency fee, commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years immediately preceding the date of this prospectus.

## 7. Related party transactions

For details of the related party transactions of our Group entered into within two years immediately preceding the date of this prospectus, please refer to the Accountants' Report set out in Appendix I to this prospectus and the section headed "Connected transactions" in this prospectus.

## E. SHARE OPTION SCHEME

The principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the Shareholders passed on 3 June 2014 are set out below:

### 1. Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to recognise and motivate the contributions that Eligible Participants (as defined below) have made or may make to our Group.

The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives:

- (a) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of our Group; and
- (b) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to our Group.

For the purpose of the Share Option Scheme, "Eligible Participants" means any person who satisfies the eligibility criteria in paragraph 2 below.

### 2. Who may join and basis of eligibility

The Board may at its discretion grant options to:

- (i) any Eligible Employees. "**Eligible Employees**" means employees (whether full time or part time, including any executive director but excluding any non-executive director) of our Company, any subsidiary or any entity in which our Group holds at least 20% of its issued share capital ("**Invested Entity**");
- (ii) any non-executive directors (including independent non-executive directors) of our Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iv) any customer of any member of our Group or any Invested Entity;

- (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, options may be granted to any company wholly owned by one or more Eligible Participants.

The basis of eligibility of any participant to be granted any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

### **3. Subscription Price of Shares**

The exercise price for any Share under the Share Option Scheme shall be a price determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date of the relevant option, which must be a day on which the Stock Exchange is open for the business of dealing in securities (a "**Trading Day**"); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Trading Days immediately preceding the offer date of the relevant option; and (iii) the nominal value of a Share on the offer date. For the purpose of calculating the exercise price where our Company has been listed for less than five Trading Days, the Offer Price of the Shares shall be used as the closing price of the Shares for any Trading Days falling within the period before the Listing Date.

### **4. Grant of options and acceptance of offers**

An offer for the grant of options shall be deemed to have been accepted when our Company receives the letter containing the offer duly signed by the grantee together with a remittance of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of our Company as consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Eligible Participant.

**5. Maximum number of Shares**

- (i) Subject to sub-paragraphs (ii) to (iv) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 40,000,000 Shares) (the “**Scheme Mandate Limit**”) unless approved by our Shareholders pursuant to sub-paragraph (iii) below. Options lapsed in accordance with the terms of the scheme(s) will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) Subject to sub-paragraphs (iii) and (iv) below, the Scheme Mandate Limit may be renewed by the shareholders of our Company in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by our Shareholders. Upon such renewal, all options granted under the Share Option Scheme and any other share option schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to our Shareholders containing such relevant information from time to time as required by the Listing Rules in connection with the general meeting at which their approval is sought.
- (iii) Subject to sub-paragraphs (iv) below, the Board may seek separate shareholders’ approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is sought and our Company must issue a circular to our Shareholders containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Eligible Participants.
- (iv) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group must not, in aggregate, exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by our Group if such grant will result in the said 30% limit being exceeded.

**6. Maximum entitlement of each participant**

No option shall be granted to any Eligible Participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised,

cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the following requirements:

- (i) approval of our Shareholders at general meeting, with such Eligible Participant and its associates abstaining from voting;
- (ii) a circular in relation to the proposal for such further grant must be sent by our Company to our Shareholders with such information from time to time as required by the Listing Rules;
- (iii) the number and terms of the options to be granted to such proposed grantee shall be fixed before our Shareholders' approval mentioned in (i) above; and
- (iv) for the purpose of calculating the minimum exercise price for the Shares in respect of the further options proposed to be so granted, the date of board meeting for proposing such grant of further options shall be taken as the date of offer of such options.

#### **7. Requirements on granting options to certain connected persons**

Any grant of options to any director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding an independent non-executive director who or whose associate is a proposed grantee).

Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the total number of the Shares issued and to be issued upon exercise of all options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the total number of Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of such grant, in excess of HK\$5 million,

such further grant of options must be approved by our Shareholders by poll in a general meeting where all connected persons of our Company must abstain from voting in favour at such general meeting. Our Company will send a circular to our Shareholders containing the information required under the Listing Rules.

#### **8. Restrictions on the time of grant of options**

No option shall be granted after inside information has come to the knowledge of our Company until our Company has announced the information. In particular, it may not grant any option during the period commencing one month immediately before the earlier of (i) the date of the



Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No option may be granted during any period of delay in publishing a results announcement. "Inside information" has the meaning defined in the SFO.

The Board may not make any offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

#### **9. Time of exercise of option**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof, and provided that the Board may determine the minimum period for which an Option has to be held or other restrictions before its exercise.

The grantee shall not exercise an option to the extent that the public float of our Company will be less than 25% (or such higher percentage as required by the Stock Exchange or the Listing Rules) of the issued share capital of our Company immediately after the issue and allotment of the Shares upon such exercise of the option.

#### **10. Performance targets**

Save as determined by the Board and provided in the offer of grant of the options, there is no performance target that must be achieved before the options can be exercised.

#### **11. Ranking of Shares**

The Shares to be allotted and issued upon exercise of an option shall be subject to all the provisions of the Articles of our Company for the time being in force and shall rank pari passu in all respects with the then existing fully paid Shares in issue on the allotment date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the allotment date. Any Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered into the register of members of our Company as the holder thereof.

**12. Rights are personal to grantee**

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do.

**13. Rights on cessation of employment**

- (i) In the event of death of the grantee (being an individual) before exercising the option in full, his personal representatives may exercise the option up to the grantee's entitlement (to the extent exercisable as at the date of his death and not already exercised) within a period of 12 months following his death or such longer period as the Board may determine.
- (ii) In the event of the grantee who is an Eligible Employee ceasing to be an Eligible Employee for any reason other than his death, or the termination of his employment pursuant to paragraph 18(v), the grantee may exercise the option (to the extent exercisable as at the date of such cessation and not already exercised) within 30 days following such cessation or such longer period as the Board may determine. The date of cessation as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as our Directors may determine.

**14. Effects of alterations to share capital**

In the event of any alteration in the capital structure of our Company while an option remains exercisable or this scheme remains in effect, whether by way of capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate so far as unexercised; and/or the exercise price; and/or the method of exercise of the options; and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must be made in compliance with the Listing Rules, give a grantee the same proportion of the equity capital as that to which that grantee was previously entitled and shall be made on the basis that the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value provided that in such circumstance, the exercise price shall be reduced to the nominal value. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial advisor of our Company or the auditors of our Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

**15. Rights on a general offer**

If a general or partial offer (whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, the grantee shall be entitled to exercise the option (to the extent exercisable as at the date on which the offer becomes or is declared unconditional and not already exercised) in full or in part at any time within 14 days after the date on which the offer becomes or is declared unconditional.

**16. Rights on winding-up**

In the event notice is given by our Company to our Shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise all or any of his/her options (to the extent exercisable as at the date of the notice of meeting and not already exercised) at any time not later than two Trading Days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting of our Company to consider the winding-up and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

**17. Rights on compromise or arrangement**

In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the restructuring, reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme, and thereupon the grantee shall be entitled to exercise all or any of his/her option(s) (to the extent which has become exercisable as at the date of the notice and not already exercised) at any time not later than two Trading Days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

**18. Lapse of options**

An option shall automatically lapse and not be exercisable on the earliest of:

- (i) the expiry of the option period;

- (ii) the expiry of any of the periods referred to in paragraph 13 above;
- (iii) subject to paragraph 16 above, the date of the commencement of the winding-up of our Company;
- (iv) the expiry of the period referred to in paragraph 17 above;
- (v) the date on which the grantee who is an Eligible Employee ceases to be an Eligible Employee by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his employment contract or other contract constituting him an Eligible Employee, or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his or her creditors generally or on which he has been convicted of any criminal offence involving his or her integrity or honesty, unless otherwise resolved to the contrary by the Board;
- (vi) in respect of a grantee other than an Eligible Employee, the date on which the Board shall determine that (i) (a) such grantee has committed any breach of any contract entered into between such grantee on the one part and our Group or any Invested Entity on the other part; or (b) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (c) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever; and (ii) the option shall lapse as a result of any event specified in subparagraph (i) (a), (b) or (c) above, unless otherwise resolved to the contrary by the Board;
- (vii) the expiry of the period referred to in paragraph 15 above; and
- (viii) the date on which the grantee commits a breach of paragraph 12 or any terms or conditions attached to the grant of the option or an event, in respect to a grantee, referred to in (2) below occurs, unless otherwise resolved to the contrary by the Board.

If the grantee is a company wholly owned by one or more Eligible Participants:

- (1) the provisions of paragraphs 13(i) and (ii), 18(v) and (vi) shall apply to the grantee and to the options granted to such grantee, mutatis mutandis, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 13(i) and (ii), 18(v) and (vi) shall occur with respect to the relevant Eligible Participant; and
- (2) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant,

provided that the Board may decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

#### **19. Cancellation of options granted but not yet exercised**

The Board shall have the absolute discretion to cancel any options granted at any time if the grantee so agreed provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available but unissued options (excluding the cancelled options) within the limit approved by our Shareholders as mentioned in the Share Option Scheme from time to time.

#### **20. Period of the Share Option Scheme**

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years after the adoption date, after which no further options may be issued. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding, the provisions of the Share Option Scheme shall remain in full force and effect.

The Board may impose such terms and conditions of the offer of grant either on a case-by-case basis or generally as are not inconsistent with the Share Option Scheme including but not limited to the minimum period for which an option must be held before it can be exercised.

#### **21. Alteration to the Share Option Scheme**

The Share Option Scheme may be altered in any respect by resolution of the Board except that the terms and conditions of the Share Option Scheme relating to matters set out in Rule 17.03 of the Listing Rules (or any other relevant provisions of the Listing Rules from time to time applicable) cannot be altered to the advantage of grantees or prospective grantees except with the prior approval of our Shareholders in general meeting. No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction of such majority of the grantee as would be required of our Shareholders under the Articles for the time being of our Company for a variation of the rights attached to Shares.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Any change to the authority of our Directors or administrators of the Share Option Scheme in relation to any alterations to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

The amended terms of the Share Option Scheme and/or the options must continue to comply with the relevant provisions of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Scheme).

Subject to the above paragraphs, the Board may at any time alter, amend or modify the terms and conditions of the Share Option Scheme such that the provisions of the Share Option Scheme would comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by the Board to implement the terms of the Share Option Scheme.

## **22. Termination to the Share Option Scheme**

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event, no further options will be offered but the provisions of the Share Option Scheme shall remain in force in all other respects.

Options complying with the provisions of the Listing Rules which are granted during the life of the scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

## **23. Conditions of the Share Option Scheme**

The Share Option Scheme is conditional upon (i) the Stock Exchange granting the approval of the listing of and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalisation Issue, the Global Offering and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options under the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date; (ii) the obligations of the Underwriter under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and (iii) the commencement of dealings in the Shares on the Stock Exchange.

As at the Latest Practicable Date, no option had been granted by our Company under the Share Option Scheme. An application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in the Shares to be issued and allotted by our Company pursuant to the exercise of options that may be granted under the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date.

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain

variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

## F. OTHER INFORMATION

### 1. Tax and other indemnities

Mr. Lau, Mr. Chan, LSBJ and CYY (the “**Indemnifiers**”) have, entered into a Deed of Indemnity in favour of our Company (on its own behalf and as trustee for each member of our Group) pursuant to which the Indemnifiers have agreed to jointly and severally indemnify each of the members of our Group against, inter alia, the following:

- (a) taxation which might fall on us in respect of any income, profits or gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional (the “**Effective Date**”); and
- (b) any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by the members of our Group or any of them arising from or in connection with:
  - (i) the non-compliance of or breach of any applicable laws, rules or regulations in any jurisdiction by any of the members of our Group;
  - (ii) any litigation, proceeding, claim, investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body,

on or before the Effective Date.

The Indemnifiers will, however, not be liable under the Deed of Indemnity to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such taxation liability in the audited combined accounts of any member of our Group for each of the three years ended 31 December 2011, 2012 and 2013; or
- (b) the taxation falling on any member of our Group on or after the Effective Date except liability for such taxation which would not have arisen but for any act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction) prior to the Effective Date without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
  - (a) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Effective Date; or

- (b) carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date; or
- (c) consisting of any of the members of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation on or before the Effective Date; or
- (c) any provisions or reserve made for taxation in the audited accounts of any member of our Group for each of the three years ended 31 December 2011, 2012 and 2013 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (d) the taxation liability arises in the ordinary course of business of our Group after 31 December 2013 up to and including the Effective Date; or
- (e) the taxation liability arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in law or practice coming into force after the Effective Date or any retrospective increase in tax rates coming into force after the Effective Date,

provided that the exceptions in paragraphs (a), (b), (c) and (d) above shall not apply to any taxation liability which might be payable by any member of our Group arising from any additional assessment by any tax authority for the tax years beginning from the date of establishment of the relevant members of our Group and ending on the Effective Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

## **2. Litigation**

As at the Latest Practicable Date, save as disclosed in this prospectus, to the best of our Directors' knowledge, there is no current litigation or any pending or threatened litigation or arbitration proceedings against any member of our Group that could have a material adverse effect on our Group's financial condition or results of operation.

## **3. Application for Listing of Shares**

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme on the Stock Exchange.

The fees of the Sole Sponsor are HK\$4.6 million and are payable by our Company.



**4. Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are approximately HK\$38,300 and are payable by our Company.

There is no annual cost of compliance with applicable rules and regulations during the Track Record Period.

**5. Promoter**

Our Company has no promoter for the purpose of the Listing Rules.

**6. Qualifications of experts**

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
GF Capital (Hong Kong) Limited	Licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified Public Accountants
King & Wood Mallesons	PRC legal advisors
Appleby	Cayman Islands legal advisors
Ms. Ng Wing Shan Queenie	A Barrister-at-law in Hong Kong
Angara Abello Concepcion Regala & Cruz	Philippines legal advisors
AVISTA Valuation Advisory Limited	Property valuer and consultant

**7. Consents of experts**

Each of the parties listed in the paragraph headed “Qualifications of experts” has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter, report, valuation certificate, opinion and/or references to its name (as the case may be), all of which are dated the date of this prospectus, in the form and context in which they respectively appear in this prospectus.

**8. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**9. Share Registrars**

The register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd. and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

**10. No material adverse change**

Save as disclosed in the section headed "Financial information – Listing expenses" in this prospectus, our Directors have confirmed that after performing all the due diligence work which our Directors consider appropriate, there has been no material adverse change in our financial or trading position or prospects since 31 December 2013 and there has been no event since 31 December 2013 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report as set forth in Appendix I to this prospectus.

**11. Miscellaneous**

Save as disclosed herein:

- (a) within the 2 years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of its subsidiaries has been issued, agree to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
  - (iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
  - (iv) no founder, management or deferred shares of our Company have been issued or agreed to be issued.

- (b) no share, warrant or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) all necessary arrangements have been made enabling the Shares to be admitted into CCASS;
- (d) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;
- (e) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus; and
- (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

**12. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

**1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the **WHITE** and **YELLOW** and **GREEN** Application Forms, the written consents referred to under the section headed “Other information — Qualifications of experts” in Appendix IV to this prospectus, and certified copies of the material contracts referred to under the section headed “Further information about the business of our Group — Summary of material contracts” in Appendix IV to this prospectus.

**2. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Hastings & Co. at 5th Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the accountants’ report from Ernst & Young, Certified Public Accountants, in respect of the historical financial information for the years ended 31 December 2011, 2012 and 2013, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group from Ernst & Young, Certified Public Accountants, the text of which is set out in Appendix II to this prospectus;
- (d) the audited financial statements of our Group for each of the years ended 31 December 2011, 2012 and 2013;
- (e) the Companies Law;
- (f) the letter of advice prepared by Appleby summarising certain aspects of the Companies Law referred to in Appendix III to this prospectus;
- (g) the legal opinion issued by Ms. Ng Wing Shan Queenie, our Hong Kong Legal Counsel;
- (h) the PRC legal opinion issued by King & Wood Mallesons, our PRC legal advisors, in respect of certain matters of our Group in the PRC;
- (i) the Philippines legal opinion issued by Angara Abello Concepcion Regala & Cruz, our Philippines legal advisors, in respect of certain matters of our Group in the Philippines;
- (j) the valuation opinion issued by AVISTA Valuation Advisory Limited;
- (k) the material contracts referred to in the section headed “Further information about the business of our Group — Summary of material contracts” in Appendix IV to this prospectus;

- (l) the written consents referred to in the section headed “Other information – Qualifications of experts” in Appendix IV to this prospectus;
- (m) the rules of the Share Option Scheme; and
- (n) the service agreements or letters of appointment of our Directors referred to in the section headed “Disclosure of interests – Particulars of service contracts” in Appendix IV to this prospectus.

