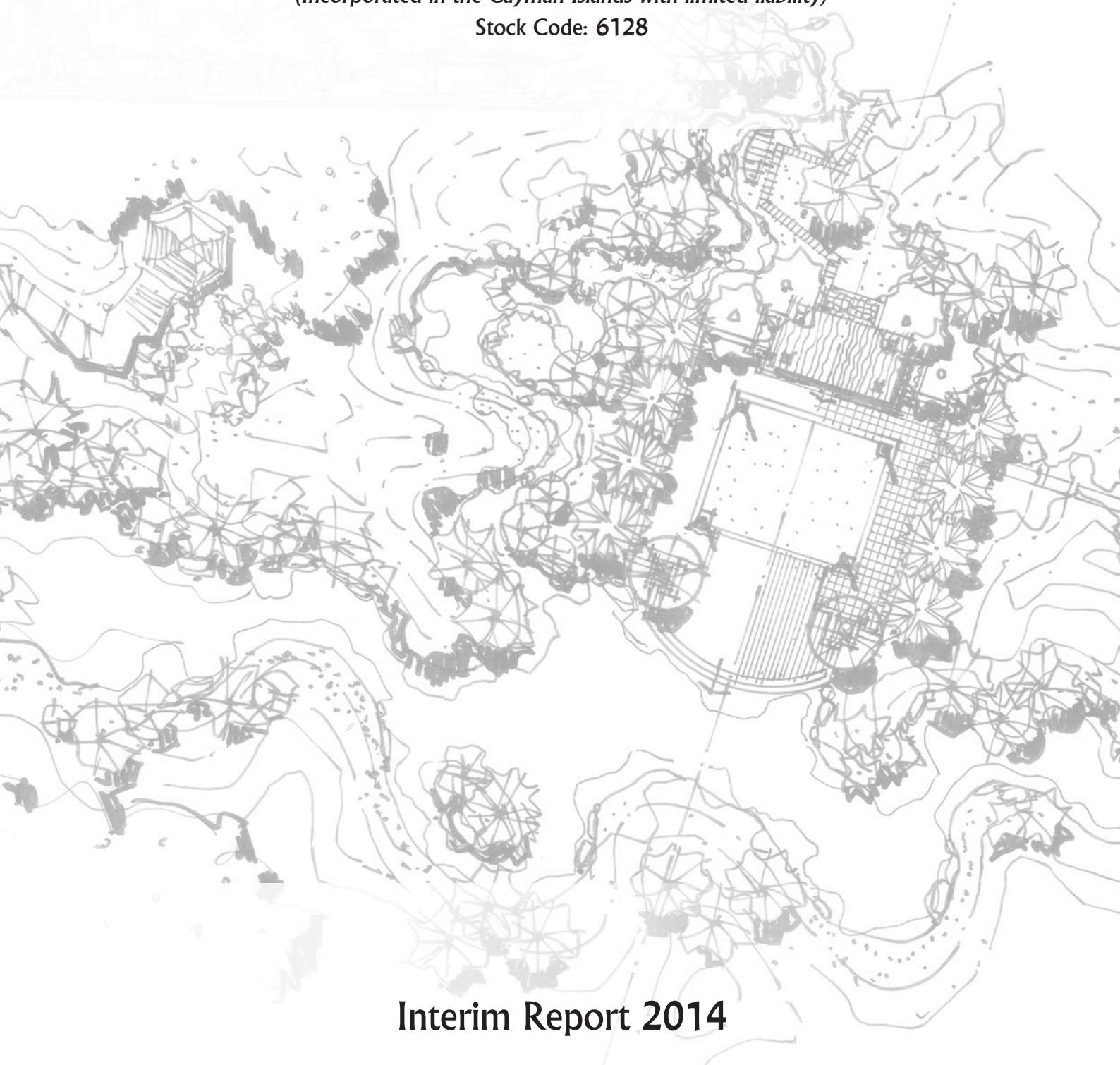




# Earthasia International Holdings Limited 泛亞環境國際控股有限公司

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

Stock Code: 6128



**Interim Report 2014**

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## FINANCIAL HIGHLIGHTS

- Revenue increased to approximately HK\$110.4 million for the six months ended 30 June 2014, representing an increase of approximately 2.0%, as compared with that of approximately HK\$108.2 million for the same period in 2013.
- Gross profit increased to approximately HK\$61.9 million for the six months ended 30 June 2014, representing an increase of approximately 3.0%, as compared with that of approximately HK\$60.1 million for the same period in 2013.
- Gross profit margin increased by approximately 0.6 percentage point to approximately 56.1% for the six months ended 30 June 2014, as compared with that of approximately 55.5% for the same period in 2013.
- Profit attributable to owners of the Company decreased to approximately HK\$7.1 million for the six months ended 30 June 2014, representing a decrease of approximately 67.3%, as compared with that of approximately HK\$21.7 million for the same period in 2013.
- Net profit margin decreased by approximately 13.3 percentage points to approximately 6.7% for the six months ended 30 June 2014, as compared with that of approximately 20.0% for the same period in 2013.
- Earnings per share for the six months ended 30 June 2014 decreased to approximately HK\$2.3 cents as compared with that of approximately HK\$7.6 cents for the six months ended 30 June 2013.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lau Hing Tat Patrick  
Mr. Chan Yick Yan Andross  
Mr. Tian Ming

### Non-executive Directors

Mr. Michael John Erickson  
Mr. Ma Lida  
Ms. Huang Yaping

### Independent non-executive Directors

Ms. Tam Ip Fong Sin  
Mr. Wong Wang Tai  
Mr. Wang Yuncai

## COMPANY SECRETARY

Ms. Chan Chi Hing

## REGISTERED OFFICE

Clifton House  
75 Fort Street, PO Box 1350  
Grand Cayman, KY1-1108  
Cayman Islands

## HEADQUARTER, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1101-2  
11/F, Top Glory Tower  
262 Gloucester Road  
Causeway Bay  
Hong Kong

## AUDIT COMMITTEE

Mr. Wong Wang Tai (*Chairman*)  
Ms. Tam Ip Fong Sin  
Mr. Wang Yuncai  
Mr. Ma Lida

## REMUNERATION COMMITTEE

Mr. Wong Wang Tai (*Chairman*)  
Mr. Wang Yuncai  
Ms. Tam Ip Fong Sin  
Mr. Chan Yick Yan Andross

## NOMINATION COMMITTEE

Mr. Lau Hing Tat Patrick (*Chairman*)  
Mr. Wang Yuncai  
Ms. Tam Ip Fong Sin

## CORPORATE WEBSITE ADDRESS

[www.ea-dg.com](http://www.ea-dg.com)

## AUTHORISED REPRESENTATIVES

Ms. Chan Chi Hing  
Mr. Chan Yick Yan Andross

## ALTERNATES TO AUTHORISED REPRESENTATIVES

Mr. Tian Ming  
Mr. Lau Hing Tat Patrick

## COMPLIANCE ADVISER

GF Capital (Hong Kong) Limited  
29-30/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

## PRINCIPAL BANKERS

The Bank of East Asia (China) Limited  
Industrial Bank Co., Ltd.  
The Hongkong and Shanghai Banking Corporation Limited  
The Bank of East Asia, Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.  
Clifton House  
75 Fort Street, PO Box 1350  
Grand Cayman, KY1-1108  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAWS

Hastings & Co.  
5th Floor, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## AUDITOR

Ernst & Young  
Certified Public Accountants  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

# Chairman's Statement

Dear Shareholders:

On behalf of the Board of Earthasia International Holdings Limited and its subsidiaries, it is my pleasure to present the first interim report of the Group since the listing of the shares of the Company on the Stock Exchange on 25 June 2014 (the "Listing").

In its over 30-year history, the Group has experienced significant growth of practice and expansion leading to currently more than ten offices across PRC and Hong Kong with about 500 staff. The Group has been committed to the pursuit of excellence in landscape architecture design and the improvement of living quality, with an aim to raise the profile of the global profession of landscape architecture. The Listing marked a key milestone of the Group. The net proceeds from the Listing amounted to approximately HK\$96.4 million. The Listing further strengthened the capital base of the Group and established a platform for the Group to expand our business.

The stable growth of the PRC's economy has secured the development of the landscape architecture service industry. At the same time, the landscape architecture service industry has been benefited from urbanization in the PRC and the favourable government policies such as the Urban Greening Regulation of the PRC (城市綠化條例), 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) and the Urban Landscape Evaluation Standard (城市園林綠化評估標準). The increased government expenditure on urban planning and government spending in relation to environmental protection and greening has stimulated demand of landscape architecture services from infrastructure and public open space projects.

Despite certain property price control measures by the PRC Government in suppressing investment demand of residential property, the rapid development of the commercial property market, which was not targeted by the property price control policies of the PRC Government, had been the market drivers for the continual growth in demand for landscape architecture services.

For the six months ended 30 June 2014, the Group's turnover amounted to approximately HK\$110.4 million. The gross profit increased to approximately HK\$61.9 million, as compared with that of approximately HK\$60.1 million during the same period in 2013. The gross profit margin increased by 0.6 percentage point to approximately 56.1%. Mainly due to the impact of one-off listing expenses incurred during the six months ended 30 June 2014, profits attributable to owners of the Company decreased by approximately 67.3% to approximately HK\$7.1 million, as compared with that of approximately HK\$21.7 million in 2013. Basic earnings per share attributable to the owners of the Company was approximately HK\$2.3 cents for the period. The Board did not recommend the payment of any interim dividend for the period under review.

## Chairman's Statement

Looking ahead, it is expected that the landscape architecture service industry will continue to develop sustainably given the PRC's stable economic growth and favourable government environmental policies. In order to seize the market opportunities, the Group will continue to implement the business strategies to (i) enhance relationship with existing customers and develop business with potential customers by enhancing design quality; (ii) establish branch offices to expand the Group's business coverage into other regions of the PRC; (iii) strengthen sales and marketing efforts to brand awareness and reputation of the Group; and (iv) continue to look for acquisition opportunities to capture the fragmented landscape architecture market in the PRC. We have full confidence on the future development of the Group, and believe that the Group will accomplish splendid results in the future.

On behalf of the Board, I would like to thank the management team and staff for their dedication and contribution towards the Group's success. Also, I would like to thank all the shareholders, investors and clients' continuous supports. Our management team and all staff members will persist in striving for better results for the Group and bringing munificent returns to our shareholders.

**Lau Hing Tat Patrick**

*Chairman*

Hong Kong, 16 September 2014



# Management Discussion and Analysis

## BUSINESS REVIEW

The Group's business model and revenue and cost structure has remained unchanged since the Listing Date up to the date of issue of this interim report.

The Group maintained its market position as one of the leading landscape architecture service provider predominantly in the PRC and Hong Kong. It offered a wide range of landscape architecture services 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. The Group continued to undertake the four major 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.

In terms of segment revenue, residential development segment continued to contribute most of our total revenue, which amounted to approximately HK\$47.0 million during the six months ended 30 June 2014 (2013: HK\$53.5 million), representing approximately 42.6% of our total revenue (2013: 49.4%). Due to the continuous efforts and revenue recognition on certain mega-size projects, infrastructure and public open space segment replaced commercial and mixed-use development segment and became our second largest business segment in terms of revenue, which amounted to approximately HK\$29.1 million (2013: HK\$15.7 million) during the six months ended 30 June 2014, representing approximately 26.4% (2013: 14.5%) of our total revenue.

For the six months ended 30 June 2014, the Group entered into 120 new contracts with a total contract sum of approximately HK\$170.9 million for projects located in the PRC and 17 new contracts with a total contract sum of approximately HK\$10.5 million for projects located in Hong Kong and others. Approximately 94.2% of the new contract sum represented projects located in the PRC and approximately 5.8% represented projects located in Hong Kong and others. As at 30 June 2014, the Group had backlog contract sum of approximately HK\$513.9 million.

On 30 July 2014, Earthasia (Shanghai) Co., Ltd. ("EA Shanghai"), an indirect wholly-owned subsidiary of the Company, and Pubang entered into a cooperation agreement, pursuant to which (a) Pubang (or any of its subsidiaries) may (i) subcontract to Earthasia (Shanghai) (or any of its subsidiaries) all or part of its landscape projects that required landscape architecture services; and (ii) refer to Earthasia (Shanghai) (or any of its subsidiaries) clients which require landscape architecture services; and (b) Earthasia (Shanghai) (or any of its subsidiaries) may (i) subcontract to Pubang (or any of its subsidiaries) all or part of its landscape projects that are not related to landscape architecture (including but not limited to landscape construction, landscape maintenance and garden nursery); and (ii) refer to Pubang (or any of its subsidiaries) clients which require landscape services that are not related to landscape architecture. The Directors consider that the entering into of the cooperation agreement allows both Pubang and the Group to (i) enhance the revenue of their specialised business through the securing of relevant business from subcontracting and referrals; (ii) generate revenue from subcontracting fees and referral fees from business which they are not specialised in; and (iii) expand their business and client networks. Proposed annual caps of HK\$80 million, HK\$120 million and HK\$140 million for each of the three years ended 31 December 2014, 2015 and 2016 respectively was sought and approved by shareholders in the extraordinary general meeting held on 8 September 2014. Details of the proposed cooperation with Pubang were set out in the announcement of the Company dated 30 July 2014 and 9 September 2014 and the circular dated 21 August 2014.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue increased to approximately HK\$110.4 million for the six months ended 30 June 2014, representing an increase of approximately 2.0%, as compared with that of approximately HK\$108.2 million for the same period in 2013. The increase was mainly attributable to the increase in number of new contracts and new contract sum compared with the same period in 2013.

### Cost of services

Cost of services increased to approximately HK\$48.5 million for the six months ended 30 June 2014, representing an increase of approximately 0.6%, as compared with that of approximately HK\$48.2 million for the same period in 2013. The increase was mainly driven by the corresponding increase in direct labour costs and labour hours in providing landscape architecture services.

### Gross profit and gross profit margin

Gross profit increased to approximately HK\$61.9 million for the six months ended 30 June 2014, representing an increase of approximately 3.0%, as compared with that of approximately HK\$60.1 million for the same period in 2013.

Gross profit margin increased by approximately 0.6 percentage point to approximately 56.1% for the six months ended 30 June 2014, as compared with that of approximately 55.5% for the same period in 2013.

### Administrative and other expenses

Administrative and other expenses increased to approximately HK\$30.2 million and HK\$15.8 million respectively for the six months ended 30 June 2014, representing an increase of approximately 15.3% and 285.4%, as compared with that of approximately HK\$26.2 million and HK\$4.1 million for the same period in 2013. The increase was primarily attributable to (i) the increase in staff costs as a result of increase in average salary and headcount and (ii) increase in legal and professional expenses of approximately HK\$14.9 million in connection to the listing of the Company in the first half of 2014, of which approximately HK\$11.7 million represented the estimated remaining listing expenses disclosed in the prospectus of the Company dated 12 June 2014.

### Profit

As a result of the foregoing, profit attributable to owners of the Company decreased to approximately HK\$7.1 million for the six months ended 30 June 2014, representing a decrease of approximately 67.3%, as compared with that of approximately HK\$21.7 million for the same period in 2013.

Net profit margin decreased by approximately 13.3 percentage points to approximately 6.7% for the six months ended 30 June 2014, as compared with that of approximately 20.0% for the same period in 2013.



# Management Discussion and Analysis

## Liquidity and Financial Resources

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
Current assets	265,536	189,861
Current liabilities	99,549	113,004
Current ratio	2.7x	1.7x

The current ratio of the Group at 30 June 2014 was approximately 2.7 times as compared to that of approximately 1.7 times at 31 December 2013. It was mainly resulted from the net proceeds raised from the global offer and a decrease in accruals and other payables due to completion of investment by Pubang.

At 30 June 2014, the Group had total cash and bank balances of approximately HK\$133,592,000 (31 December 2013: HK\$64,364,000).

At 30 June 2014, the Group's gearing ratio (represented by total interest-bearing other borrowings at the end of the period divided by total equity at the end of the respective period multiplied by 100% amounted to approximately 0% (31 December 2013: 0.6%).

## Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2014.

## Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

## Capital Structure

The Company's shares were successfully listed on Main Board of the Stock Exchange on 25 June 2014. There has been no material change in the capital structure of the Group since the Listing Date and up to the date of this interim report. As of the date of this interim report, the capital structure of the Group comprises only share capital without the use of any debt borrowings.

## Foreign Exchange Exposure

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. As at 30 June 2014, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed around 483 (31 December 2013: 460) employees.

Employees are remunerated according to nature of the job, market trend, and individual performance. Employee bonus is distributable based on the performance of the respective subsidiaries and the employees concerned.

The Group offers competitive remuneration and benefit package to our employees. Our employee benefits include mandatory provident fund, employee pension schemes in the PRC, contributions to social security system, medical coverage, insurance, training and development programs and options that may be granted under the share option scheme which was approved by the shareholders of the Company on 3 June 2014.

On 21 August 2014, the Company has adopted the Share Award Scheme. The specific objectives of the Share Award Scheme are (i) to recognise the contributions by certain Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Details of the Share Award Scheme was set out in the announcement of the Company dated 21 August 2014.

## OUTLOOK

The successful listing on the Stock Exchange is a key milestone of the Company. The Group's accumulated experience, clients relationship and enhanced reputation are valuable assets. Looking forward, the Group will maximize its shareholders' value by enhancing its leading position in the landscape architecture services industry by strengthening existing markets and exploring new business opportunities with potential clients. The Directors believe that the new extension of geographic coverage through the establishment of branch offices and increase in number of staff could enhance the Group's capacity to undertake new client and for new business development.

Apart from above, the Group will from time to time look for acquisition opportunity in order to capture larger market shares given the landscape architecture service industry is fragmented in the PRC market.

After the listing of the shares of the Company on the Main Board of the Stock Exchange, the Directors intend to apply the net proceeds from the listing to finance the Group's capital expenditure and business expansion, strengthen its capital base and improve the overall financial position of the Group. The Directors intend to apply such net proceeds from the listing on (i) financing the planned capital expenditure in relation to expansion of the Group's scope of services; (ii) financing the planned capital expenditure in relation to the establishment of new regional offices in the PRC; (iii) financing the establishment of branch offices in relation to expansion of business coverage into other regions of the PRC; (iv) strengthening the sales and advertising efforts; and (v) for general working capital purposes.

## MATERIAL ACQUISITIONS AND DISPOSALS

Pursuant to the Reorganisation in preparation of the Listing, the Company became the holding company of the Group formed after the completion of the Reorganisation. Details of the Reorganisation was set out in the paragraph headed "Corporate Reorganisation" in Appendix IV to the prospectus of the Company dated 12 June 2014.

Save as the aforesaid, during the six months ended 30 June 2014, the Group had no material acquisitions and disposals of subsidiaries.

# Corporate Governance and Other Information

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code since the Listing Date up to the date of this interim report.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company acknowledges the important role of its Board in providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations.

In the opinion of the Directors, the Company has complied with the applicable code provisions as set out in the Corporate Governance (the “CG Code”) Code contained in Appendix 14 to the Listing Rules since the Listing Date up to the date of this interim report.

## AUDIT COMMITTEE

The Company has established an audit committee which comprises three independent non-executive Directors and one non-executive Director, 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 terms of reference of the audit committee comply with the code provisions of the CG Code. The audit committee is responsible for reviewing and supervising the Group’s financial reporting process and internal control system and providing advice and recommendations to the Board.

## REMUNERATION COMMITTEE

The remuneration committee of the Board comprises three independent non-executive Directors and one executive Director, namely, Mr. Wong Wang Tai, Mr. Wang Yuncai, Ms. Tam Ip Fong Sin and Mr. Chan Yick Yan Andross. Mr. Wong Wang Tai is the chairman of the remuneration committee. The terms of reference of the remuneration committee comply with the code provisions of the CG Code. The remuneration committee is principally responsible for formulating the Group’s policy and structure for all remuneration of the Directors and senior management and providing advice and recommendations to the Board.



# Corporate Governance and Other Information

## NOMINATION COMMITTEE

The nomination committee of the Board comprises two independent non-executive Directors and one executive Director, namely, Mr. Wang Yuncai, Ms. Tam Ip Fong Sin and Mr. Lau Hing Tat Patrick. Mr. Lau Hing Tat Patrick is the chairman of the nomination committee. The terms of reference of the nomination committee comply with the code provisions of the CG Code. The nomination committee is principally responsible for reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

## DIRECTORS' AND CHIEF EXECUTIVES INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (iii) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange are as follows:–

### Long position in the shares of the Company

Name of Director	Capacity/nature of interest	Number of shares of the Company	Approximate percentage of shareholding interests of the Company
Mr. Chan Yick Yan Andross	Interest in a controlled corporation (Note 1)	132,006,887	33.0%
Mr. Lau Hing Tat Patrick	Interest in a controlled corporation (Note 2)	66,003,444	16.5%

Notes:

1. CYY Holdings Limited is 100% beneficially owned by Mr. Chan Yick Yan Andross. Accordingly, Mr. Chan Yick Yan Andross is deemed to be interested in the shares of the Company held by CYY Holdings Limited under the SFO.
2. LSBJ Holdings Limited is 100% beneficially owned by Mr. Lau Hing Tat Patrick. Accordingly, Mr. Lau Hing Tat Patrick is deemed to be interested in the shares of the Company held by LSBJ Holdings Limited under the SFO.

# Corporate Governance and Other Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, so far as is known to any Director or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the 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 the Group.

### Long position in the shares of the Company

<b>Name</b>	<b>Capacity/nature of interest</b>	<b>Number of shares of the Company</b>	<b>Approximate percentage of shareholding interests of the Company</b>
CYY Holdings Limited (Note 1)	Beneficial owner	132,006,887	33.0%
PBLA Limited (Note 2)	Beneficial owner	101,989,669	25.5%
Pubang Landscape Architecture (HK) Company Limited (Note 2)	Interest in a controlled corporation	101,989,669	25.5%
Pubang (Note 2)	Interest in a controlled corporation	101,989,669	25.5%
Mr. Tu Shan Zhong (Note 2)	Interest in a controlled corporation	101,989,669	25.5%
LSBJ Holdings Limited	Beneficial owner	66,003,444	16.5%

Notes:

1. CYY Holdings Limited is 100% beneficially owned by Mr. Chan Yick Yan Andross. Accordingly, Mr. Chan Yick Yan Andross is deemed to be interested in the shares of the Company held by CYY Holdings Limited under the SFO.
2. PBLA Limited is 100% beneficially owned by Pubang Landscape Architecture (HK) Company Limited, 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 Landscape Architecture (HK) Company Limited, Pubang and Mr. Tu Shan Zhong is deemed to be interested in the Shares held by PBLA Limited under the SFO.
3. LSBJ Holdings Limited is 100% beneficially owned by Mr. Lau Hing Tat Patrick. Accordingly, Mr. Lau Hing Tat Patrick is deemed to be interested in the shares of the Company held by LSBJ Holdings Limited under the SFO.

# Corporate Governance and Other Information

## DIRECTOR'S INTERESTS IN CONTRACTS

Each of the executive Directors has entered into a service agreement with the 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 the Company not less than three months' notice in writing at any time after such initial fixed term or by the 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 Hing Tat Patrick, Mr. Chan Yick Yan Andross and Mr. Tian Ming 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 the 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 the 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 the Group after taxation and minority interests but before extraordinary items attributable to the 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 the 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 the 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, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at 30 June 2014 or at any time during the six months ended 30 June 2014.



# Corporate Governance and Other Information

## **DIRECTOR'S INTEREST IN COMPETING INTERESTS**

Save as Mr. Ma Lida and Ms. Huang Yaping, our non-executive Directors nominated by Pubang, whom are required to declare their conflict of interests and barred from participation or voting on issue if there is any potential conflict of interest between the Group and Pubang, the Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the six months ended 30 June 2014.

## **SHARE OPTION SCHEME**

A share option scheme (the "Share Option Scheme") was conditionally approved and adopted by the Company on 3 June 2014 and the Share Option Scheme became effective on 25 June 2014. During the six months ended 30 June 2014, there is no option granted under the Share Option Scheme.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **REVIEW OF INTERIM RESULTS**

The Group's unaudited interim results for the six months ended 30 June 2014 have been reviewed by the audit committee and the auditor of the Company in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

# Report on Review of Condensed Consolidated Financial Statements



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## TO THE BOARD OF DIRECTORS OF EARTHASIA INTERNATIONAL HOLDINGS LIMITED

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

### INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 40, which comprise the interim condensed consolidated statement of financial position of Earthasia International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as of 30 June 2014 and the related interim condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited requires the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34.

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

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

#### Ernst & Young

*Certified Public Accountants*

Hong Kong

28 August 2014

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>REVENUE</b>	4	<b>110,390</b>	108,244
Cost of sales		<b>(48,497)</b>	(48,190)
<b>GROSS PROFIT</b>		<b>61,893</b>	60,054
Other income and gains	4	<b>6,310</b>	5,656
Selling and marketing expenses		<b>(3,620)</b>	(3,235)
Administrative expenses		<b>(30,221)</b>	(26,217)
Finance costs	6	<b>(26)</b>	(29)
Other expenses		<b>(15,787)</b>	(4,148)
<b>PROFIT BEFORE TAX</b>	5	<b>18,549</b>	32,081
Income tax expense	7	<b>(11,118)</b>	(10,425)
<b>PROFIT FOR THE PERIOD</b>		<b>7,431</b>	21,656
<b>OTHER COMPREHENSIVE LOSS</b>			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(1,020)</b>	(717)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>6,411</b>	20,939
<b>Profit/(loss) attributable to:</b>			
Owners of the parent		<b>7,075</b>	21,730
Non-controlling interests		<b>356</b>	(74)
		<b>7,431</b>	21,656
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<b>6,059</b>	21,014
Non-controlling interests		<b>352</b>	(75)
		<b>6,411</b>	20,939
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic			
– For profit for the period (Hong Kong cents)	9	<b>2.3</b>	7.6

Details of the dividend proposed for the interim period are disclosed in note 8 to the interim financial information.



# Interim Condensed Consolidated Statement of Financial Position

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Goodwill	18	3,111	–
Property and equipment	10	5,471	5,963
Intangible assets		2,463	1,542
Deposits		2,092	1,333
Deferred tax assets		4,361	3,989
Total non-current assets		17,498	12,827
<b>CURRENT ASSETS</b>			
Amounts due from customers for contract works	11	75,523	64,056
Trade receivables	12	44,099	48,069
Prepayments, deposits and other receivables		10,533	11,487
Amounts due from a shareholder	19	6	–
Amounts due from a director	19	4	52
Tax recoverable		1,779	1,833
Cash and bank balances	13	133,592	64,364
Total current assets		265,536	189,861
<b>CURRENT LIABILITIES</b>			
Trade payables	14	990	1,130
Other payables and accruals		16,884	29,216
Interest-bearing other borrowings	15	–	184
Amounts due to customers for contract works	11	53,834	59,641
Tax payable		27,841	22,833
Total current liabilities		99,549	113,004
<b>NET CURRENT ASSETS</b>		165,987	76,857
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		183,485	89,684
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		2,783	3,482
Interest-bearing other borrowing	15	–	296
Total non-current liabilities		2,783	3,778
<b>NET ASSETS</b>		180,702	85,906
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	16	4,000	–
Reserves		176,132	85,715
<b>Non-controlling interests</b>		180,132	85,715
		570	191
<b>TOTAL EQUITY</b>		180,702	85,906

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company								
	Issued capital (Note 16) HK\$'000	Share premium* (Note 16) HK\$'000	Capital reserve* HK\$'000	Statutory reserve* HK\$'000	Exchange	Retained profits* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
					fluctuation				
					reserve*				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2014	-	-	5	1,975	4,567	79,168	85,715	191	85,906
Profit for the year	-	-	-	-	-	7,075	7,075	356	7,431
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(1,016)	-	(1,016)	(4)	(1,020)
Total comprehensive income for the year	-	-	-	-	(1,016)	7,075	6,059	352	6,411
Acquisition of a subsidiary	-	-	-	-	-	-	-	1	1
Capitalisation issue	3,000	(3,000)	-	-	-	-	-	-	-
Issue of shares	1,000	122,384	-	-	-	-	123,384	-	123,384
Dividend	-	-	-	-	-	(35,000)	(35,000)	-	(35,000)
Transfer from retained profits	-	-	-	131	-	(157)	(26)	26	-
At 30 June 2014 (Unaudited)	4,000	119,384	5	2,106	3,551	51,086	180,132	570	180,702
At 1 January 2013	-	-	5	1,975	3,060	56,390	61,430	-	61,430
Profit for the year	-	-	-	-	-	21,730	21,730	(74)	21,656
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	(716)	-	(716)	(1)	(717)
Total comprehensive income for the year	-	-	-	-	(716)	21,730	21,014	(75)	20,939
Capital injection from a non-controlling interest	-	-	-	-	-	-	-	318	318
At 30 June 2013 (Unaudited)	-	-	5	1,975	2,344	78,120	82,444	243	82,687

\* These reserve accounts as at 30 June 2014 comprise the consolidated reserves of HK\$176,132,000 (31 December 2013: HK\$85,715,000) in the consolidated statement of financial position.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Note	For the six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	5	18,549	32,081
Adjustments for:			
Finance costs	6	26	29
Interest income	5	(293)	(60)
Expenses related to the listing of the Company's shares	5	14,857	–
Loss on disposal of items of Property and equipment	5	–	24
Depreciation	5	1,501	1,345
Amortisation of intangible assets	5	363	311
Impairment of provision of trade receivables	5	762	1,991
Impairment of amounts due from customers for contract works		1,813	2,320
		<b>37,578</b>	38,041
(Increase)/decrease in amounts due from customers for contract works		(12,307)	123
Decrease/(increase) in trade receivables		3,315	(32,580)
Increase in prepayments, deposits and other receivables		(916)	(1,679)
Increase in an amount due from a shareholder		(6)	–
Decrease/(increase) in an amount due from a director		49	(765)
(Decrease)/increase in trade payables		(147)	1,604
(Decrease)/increase in other payables and accruals		(7,333)	3,363
(Decrease)/increase in amounts due to customers for contract works		(6,656)	7,101
Increase in an amount due to a related company		–	361
Cash generated from operations		13,577	15,569
Profit or income tax paid		(6,931)	(1,439)
<b>Net cash flows from operating activities</b>		<b>6,646</b>	14,130

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

		For the six months ended 30 June	
	Note	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	4	293	60
Purchases of items of property and equipment		(837)	(1,373)
Acquisition of a subsidiary	17	96	–
Additions to other intangible assets		(1,304)	(98)
<b>Net cash flows used in investing activities</b>		<b>(1,752)</b>	<b>(1,411)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares		120,000	–
Capital injection by a non-controlling interest		–	318
Payment of listing expenses		(21,094)	–
Repayment of other loan		(480)	(72)
Dividends paid		(35,000)	–
Interest paid		(26)	(29)
<b>Net cash flows from financing activities</b>		<b>63,400</b>	<b>217</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		64,364	27,854
Effect of foreign exchange rate changes, net		934	(641)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>133,592</b>	<b>40,149</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>133,592</b>	<b>40,149</b>



# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 1. CORPORATE INFORMATION

Earthasia International Holdings Limited (the "Company") was 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.

The principal activity of the Company and the subsidiaries (collectively the "Group") was the provision of landscape architecture services in Hong Kong and the Mainland China. There were no significant changes in the nature of the Group's principal activity during the period.

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The interim financial information for the six-month period ended 30 June 2014 (the "Interim Financial Information") has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's accountants' report as set out in the Company's prospectus dated 12 June 2014.

Pursuant to the Reorganisation as more fully explained in the sub-section headed "Our Corporate Development – Reorganisation" in the section headed "History, Development and Reorganisation" in the Company's Prospectus dated 12 June 2014 in connection with the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company incorporate Earthasia Holdings Limited ("EA BVI"), a company incorporated in the British Virgin Islands, 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 EA BVI.

The consolidated statement of profit or loss and comprehensive income, changes in equity and cash flows of the Group for the period are prepared as if the current group structure was in existence throughout the period or since the respective dates of incorporation/establishment of the relevant entities, where there is a shorter period, except for EA Group International, Inc which was acquired in January 2014. Pursuant to the Reorganisation in November 2013, the Company, EA BVI were incorporated and interspersed between Earthasia (International) Limited and its then shareholders and became the holding company of Earthasia (International) Limited and its then subsidiaries. Accordingly, these financial statements have been prepared by applying the principles of pooling of interest as if the Reorganisation had been completed at the beginning of 1 January 2013, except for EA Group International, Inc.

All intra-group transactions and balances have been eliminated on consolidation.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2013, except for the adoption of new standard and amendments effective as of 1 January 2014.

The Group applied below new standard and amendments for the first time in 2014. However, they do not impact the interim condensed consolidated financial information of the Group.

The nature and the impact of each new standard/amendments are described below:

#### *Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27*

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

#### *Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

#### *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group.

#### *Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36*

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no significant impact on the Group.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2. CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

#### *IFRIC 21 Levies*

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. This interpretation has these same principles to be applied in Interim Financial Information. This interpretation has no impact on the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 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 space 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 hotel projects mainly involve landscape architecture of theme parks, resorts and hotels.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 3. OPERATING SEGMENT INFORMATION (Continued)

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 periods.

### Six months period ended 30 June 2014 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment revenue</b>					
Revenue	46,959	29,058	23,610	10,763	110,390
<b>Segment results</b>	25,589	19,352	11,029	5,161	61,131
<i>Reconciliations:</i>					
Unallocated income					6,330
Unallocated expense					(48,886)
Finance costs					(26)
Profit before tax					18,549



# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 3. OPERATING SEGMENT INFORMATION (Continued)

### Six months period ended 30 June 2013 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment revenue</b>					
Revenue	53,520	15,729	29,783	9,212	108,244
<b>Segment results</b>	29,435	7,960	16,623	4,045	58,063
<i>Reconciliations:</i>					
Unallocated income					5,717
Unallocated expense					(31,670)
Finance costs					(29)
Profit before tax					32,081

### 30 June 2014 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment assets</b>	52,471	27,507	29,260	10,384	119,622
<i>Reconciliations:</i>					
Unallocated assets					163,412
Total assets					283,034
<b>Segment liabilities</b>	35,750	6,676	9,899	3,279	55,604
<i>Reconciliations:</i>					
Unallocated liabilities					46,728
Total liabilities					102,332

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 3. OPERATING SEGMENT INFORMATION (Continued)

### 31 December 2013 (Audited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Segment assets</b>	50,375	16,749	35,084	9,917	112,125
<i>Reconciliations:</i>					
Unallocated assets					90,563
<b>Total assets</b>					<b>202,688</b>
<b>Segment liabilities</b>	39,414	5,522	15,340	4,001	64,277
<i>Reconciliations:</i>					
Unallocated liabilities					52,505
<b>Total liabilities</b>					<b>116,782</b>

### Six months period ended 30 June 2014 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Other segment information</b>					
Impairment of provision of trade receivables	324	201	163	74	762
Unallocated: Depreciation and amortisation					1,864
Capital expenditure*: Unallocated					2,141

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 3. OPERATING SEGMENT INFORMATION (Continued)

### Six months period 30 June 2013 (Unaudited)

	Residential development projects HK\$'000	Infrastructure and public open space projects HK\$'000	Commercial and mixed-use development projects HK\$'000	Tourism and hotel projects HK\$'000	Total HK\$'000
<b>Other segment information</b>					
Impairment of provision of trade receivables	1,299	222	423	47	1,991
Unallocated: Depreciation and amortisation					1,656
Capital expenditure*: Unallocated					1,471

\* Capital expenditure consists of additions to property and equipment and intangible asset.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 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 period.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Revenue</b>		
Service contracts	110,390	108,244
<b>Other income</b>		
Service income	5,824	3,075
Interest income	293	60
Government grants	99	2,496
	6,216	5,631
<b>Gains</b>		
Foreign exchange gain	94	14
Others	–	11
	6,310	5,656



# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Cost of services provided	48,497	48,190
Depreciation	1,501	1,345
Amortisation of intangible assets	363	311
Minimum lease payments under operating leases of buildings	6,787	6,060
Auditors' remuneration	991	197
Employee benefit expense		
– Wages and salaries	12,928	11,561
– Pension scheme contributions and welfare	2,693	2,767
– Welfare and other benefits	863	801
Foreign exchange gains, net	(94)	(14)
Impairment of provision of trade receivables	762	1,991
Interest income	293	60
Loss on disposal of items of property and equipment	–	24
Expenses related to the listing of the Company's shares*	14,857	–

\* Share issue expenses is related to the expenses incurred for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited.

## 6. FINANCE COST

An analysis of finance cost is as follows:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on other borrowing	26	29

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 7. 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. The Company's subsidiaries in Mainland China are subject to corporate income tax of 25%.

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Current – Hong Kong:		
Charge for the year	42	–
Underprovision in prior years	211	–
Current – Mainland China:	10,269	9,180
Deferred	596	1,245
Total tax charge for the period	11,118	10,425

## 8. DIVIDEND

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interim	35,000	–

Pursuant to a resolution of the general meeting of shareholders on 14 January 2014, the Company declared a dividend of HK\$12 cents per shares amounting to HK\$35,000,000 in aggregate. The rate of dividend and the number of shares ranking for dividend has taken into account the capitalisation issue of shares.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the six months ended 30 June 2014 is based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the interim period. As described in note 1, the Company was incorporated on 25 November 2013 for the purpose of acting as the holding company of the subsidiaries of the Group. In order to provide comparative financial information, the calculation of the basic earnings per share for the six months ended 30 June 2013 is based on the assumption that the Company had been set up throughout the six months ended 30 June 2013 and the capitalisation issue of 286,971,494 shares has been effective since 1 January 2013.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company	<b>7,075</b>	21,730

	Number of shares For the six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period	<b>301,670,145</b>	286,981,494

The Group had no potentially dilutive ordinary shares in issue during the periods.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 10. PROPERTY AND EQUIPMENT

	For the six months ended 30 June 2014 (Unaudited) HK\$'000
At 1 January	5,963
Additions	837
Acquisition of a subsidiary	269
Depreciation	(1,501)
Disposal	–
Exchange alignment	(97)
At 30 June	5,471

## 11. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Gross amounts due from customers for contract works	75,523	64,056
Gross amounts due to customers for contract works	(53,834)	(59,641)
	21,689	4,415
Contract costs incurred plus recognised profits less recognised losses to date	605,638	561,603
Less: Progress billings	(583,949)	(557,188)
	21,689	4,415



# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 12. TRADE RECEIVABLES

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 in general two months.

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date, and net of provisions, is as follows:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Within 6 months	<b>35,820</b>	42,031
Over 6 months but within 1 year	<b>1,827</b>	4,285
Over 1 year but within 2 years	<b>5,494</b>	1,112
Over 2 years	<b>958</b>	641
	<b>44,099</b>	48,069

The movement in provision for impairment of trade receivables during the period is as follows:

	<b>For the six months ended 30 June 2014 (Unaudited) HK\$'000</b>
At 1 January	<b>10,854</b>
Impairment during the period (note 5)	<b>762</b>
Exchange alignment	<b>(194)</b>
At 30 June	<b>11,422</b>

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.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 12. TRADE RECEIVABLES (Continued)

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Neither past due nor impaired	<b>23,988</b>	33,809
Less than 30 days past due	<b>6,686</b>	3,745
30 to 120 days past due	<b>5,146</b>	4,477
121 to 300 days past due	<b>1,827</b>	4,285
Over 300 days past due	<b>6,452</b>	1,753
	<b>44,099</b>	48,069

## 13. CASH AND BANK BALANCES

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Audited) HK\$'000
Cash and bank balances	<b>133,592</b>	64,364

The Group's cash and bank balances are denominated in HK\$ at the end of each reporting period, except for the followings:

	<b>30 June 2014 (Unaudited)</b>		31 December 2013 (Audited)	
	<b>Original currency in'000</b>	<b>HK\$ equivalent in'000</b>	Original currency in'000	HK\$ equivalent in'000
Cash and bank balances:				
Renminbi	<b>14,363</b>	<b>17,942</b>	36,021	45,817
Philippines Peso	<b>3,071</b>	<b>545</b>	–	–

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 13. CASH AND BANK BALANCES (Continued)

At 30 June 2014 and 31 December 2013, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$17,942,000 and HK\$45,817,000, 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.

## 14. TRADE PAYABLES

An aged analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within 1 year	868	928
Over 1 year but within 2 years	29	108
Over 2 years but within 3 years	10	28
Over 3 years	83	66
	<b>990</b>	1,130

The trade payables are non-interest-bearing and are normally settled within three months.

## 15. INTEREST-BEARING OTHER BORROWING, SECURED

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Other loan, secured	–	480

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Within one year	–	184
In the second year	–	219
In the third to fifth years, inclusive	–	77
	<b>–</b>	480

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 16. ISSUED CAPITAL

Shares	No. of shares	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)
<b>Authorised</b>		
Ordinary shares of HK\$0.01 each	<b>780,000,000</b>	38,000,000

Issued and fully paid	30 June 2014 (Unaudited)		31 December 2013 (Audited)	
	No. of shares of HK\$0.01 each	HK\$'000	No. of shares of HK\$0.01 each	HK\$'000
Ordinary shares	<b>400,000,000</b>	<b>4,000</b>	10,000	–

	No. of issued and fully paid shares	Nominal value	
		of shares HK\$'000	Share premium HK\$'000
As at 1 January 2014	10,000	–	–
Issue of shares (note (a))	454	–	15,000
Capitalisation issue (note (b))	299,989,546	3,000	(3,000)
Issue of new shares (note (c))	100,000,000	1,000	107,384
As at 30 June 2014	400,000,000	4,000	119,384

Notes:

- (a) On 16 January 2014, 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 considerations of HK\$91,850,000 and HK\$15,000,000.
- (b) 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 capitalise 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.
- (c) In 25 June 2014, 100,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.2 per share by the Company for a total consideration HK\$120,000,000, resulting in a share premium of HK\$119,000,000 before netting off share issue cost of HK\$11,616,000 upon global offering of the Company.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 17. ACQUISITION OF A SUBSIDIARY

On 2 January 2014, the Group acquired 99.95% of ordinary shares of EA Group International, Inc. ("EAM") at a cash consideration of PHP999,500 (equivalent to HK\$174,000). EAM is engaged in design and drawing support services to the major operating subsidiaries of the Group in the Mainland China and Hong Kong.

The fair value of the identifiable assets and liabilities of EAM as at the date of acquisition were as follows:

	HK\$'000
Property and equipment	269
Deferred tax assets	21
Deposits	194
Cash and cash equivalents	270
Other payables and accruals	(3,670)
Tax payable	(22)
Total identifiable net liabilities at fair value	(2,938)
Non-controlling interest	1
	(2,937)
Goodwill on acquisition	3,111
Satisfied by cash	174

An analysis of the cash flows in respect of the acquisition of EAM is as follows:

	HK\$'000
Cash consideration	(174)
Cash and cash equivalents acquired	270
Net inflow of cash and cash equivalents included in cash flows from investing activities	96

Since the acquisition, EAM did not contribute any to the Group's revenue and incurred a loss of HK\$42,000 to the Group for the period ended 30 June 2014.



# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 18. GOODWILL

	30 June 2014 (Unaudited) HK\$'000
At 1 January	
Acquisition of a subsidiary (note 17)	3,111
At 30 June	3,111

## 19. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in the Interim Financial Information, the Group had the following transactions with related parties during the six months ended 30 June 2014:

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>(a) Transaction with related parties:</b>		
Payment of expenses on behalf of Pubang Landscape Architecture Company Limited (廣州普邦園林股份有限公司) ("Pubang")	6	–
Rental expenses to directors **		
Andross Chan	254	304
Tian Ming	234	304

\*\* The Group entered into lease agreements with Andross Chan to lease certain properties. 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 has been agreed mutually between the Group and Tian Ming.

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

## 19. RELATED PARTY TRANSACTIONS (Continued)

### (b) Balances with related parties:

Amount due from a shareholder:		
Pubang	6	–
Amounts due from directors:		
Andross Chan	–	52
Michael John Erickson	4	–

The amounts due from a shareholder and a director are unsecured, interest-free and repayable on demand.

Tian Ming executed personal guarantee for the interest-bearing other borrowing to the Group at 31 December 2013 to the extent of HK\$480,000 at nil consideration.

### Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Salaries, allowances and benefits in kind	5,049	4,712
Pension scheme contributions	197	101
Total compensation paid to key management personnel	5,246	4,813

# Notes to Interim Condensed Consolidated Financial Statements

*For the six months ended 30 June 2014*

## **20. EVENT AFTER THE REPORTING PERIOD**

On 30 July 2014, Earthasia (Shanghai) Co., Ltd. ("EA Shanghai"), an indirect wholly-owned subsidiary of the Company, and Pubang entered into a cooperation agreement, pursuant to which (a) Pubang (or any of its subsidiaries) may (i) subcontract to Earthasia (Shanghai) (or any of its subsidiaries) all or part of its landscape projects that required landscape architecture services; and (ii) refer to Earthasia (Shanghai) (or any of its subsidiaries) clients which require landscape architecture services; and (b) Earthasia (Shanghai) (or any of its subsidiaries) may (i) subcontract to Pubang (or any of its subsidiaries) all or part of its landscape projects that are not related to landscape architecture (including but not limited to landscape construction, landscape maintenance and garden nursery); and (ii) refer to Pubang (or any of its subsidiaries) clients which require landscape services that are not related to landscape architecture.

As one or more of the applicable percentage ratio(s) for the proposed annual caps for the transactions contemplated under the cooperation agreement is/are expected to be higher than 5% and the annual consideration is expected to be higher than HK\$10 million, the cooperation agreement, the transactions contemplated thereunder and the proposed annual caps are subject to the reporting, announcement, annual review and shareholders' approval requirements under Chapter 14A of the Main Board Listing Rules Governing the Listing of The Stock Exchange of Hong Kong Limited.

## **21. APPROVAL OF THE INTERIM FINANCIAL INFORMATION**

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 28 August 2014.