



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

(Incorporated in the Cayman Islands with limited liability)

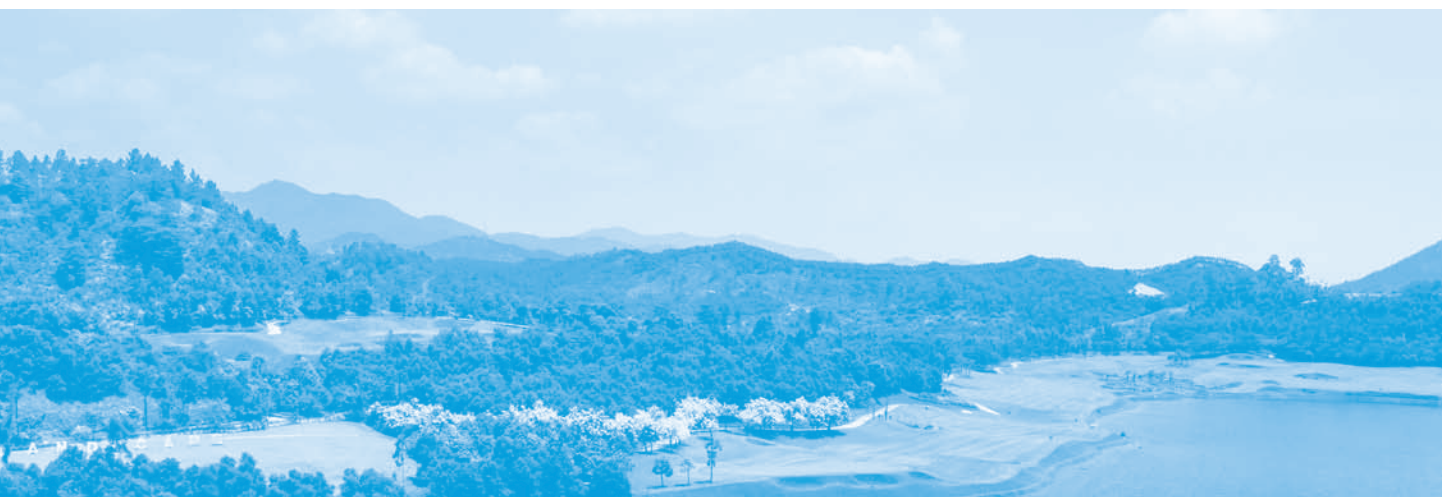
Stock Code: 6128

Interim Report 2015



Contents

| | |
|--|----|
| Financial Highlights | 2 |
| Corporate Information | 3 |
| Management Discussion and Analysis | 4 |
| Corporate Governance and Other Information | 8 |
| Report on Review of Condensed Consolidated Financial Statements | 12 |
| Interim Condensed Consolidated Statement of Profit or Loss | 13 |
| Interim Condensed Consolidated Statement of Comprehensive Income | 14 |
| Interim Condensed Consolidated Statement of Financial Position | 15 |
| Interim Condensed Consolidated Statement of Changes in Equity | 16 |
| Interim Condensed Consolidated Statement of Cash Flows | 18 |
| Notes to Interim Condensed Consolidated Financial Statements | 20 |



FINANCIAL HIGHLIGHTS

| Results | | Six months ended 30 June | | |
|---|-----------------|--------------------------|---------|--------|
| | | 2015 | 2014 | Change |
| Revenue | <i>HK\$'000</i> | 120,118 | 110,390 | +8.8% |
| Gross profit | <i>HK\$'000</i> | 58,889 | 61,893 | -4.9% |
| Net profit attributable to owners of the Company | <i>HK\$'000</i> | 13,677 | 7,049 | +94.0% |
| Profit margin | % | 11.4 | 6.4 | +5.0pt |
| Basic earnings per share attributable to ordinary equity holders of the Company | <i>HK cents</i> | 3.5 | 2.3 | +52.2% |

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*)
Ms. Tam Ip Fong Sin
Mr. Wang Yuncai
Mr. Chan Yick Yan Andross

NOMINATION COMMITTEE

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

CORPORATE WEBSITE

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

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

Management Discussion and Analysis

BUSINESS REVIEW

The first half of 2015 was challenging to the Group due to economic slowdown and weakened property market in the PRC. Fortunately, the successful listing of the Company in 2014 strengthened the Group's position as a leading landscape architecture service provider predominantly in the PRC and Hong Kong in terms of both funding resources and market position.

During the reporting period, the Group continued to undertake the four major types of landscape architecture projects which can be categorised into (i) residential development projects; (ii) infrastructure and public open space projects; (iii) commercial and mixed-use development projects; and (iv) tourism and hotel projects.

For the six months ended 30 June 2015, residential development projects continued to be the largest segment in terms of revenue, which accounted for approximately 48.0% (six months ended 30 June 2014: 42.5%) of the total revenue of the Group. Infrastructure and public open space projects represented the second largest segment in terms of revenue, which accounted for approximately 24.0% (six months ended 30 June 2014: 26.3%) of the total revenue of the Group.

For the six months ended 30 June 2015, the Group entered into 93 new contracts with a total contract sums of approximately HK\$95.7 million.

FINANCIAL REVIEW

Revenue

Revenue grew steadily to approximately HK\$120.1 million for the six months ended 30 June 2015, representing an increase of approximately 8.8%, as compared with that of approximately HK\$110.4 million for the same period in 2014.

Cost of services

Cost of services increased to approximately HK\$61.2 million for the six months ended 30 June 2015, representing an increase of approximately 26.2%, as compared with that of approximately HK\$48.5 million for the same period in 2014. The increase was mainly driven by the increase in project staff costs and extension of project period where we had to spend more project hours in providing landscape architecture services.

Gross profit and gross profit margin

Gross profit decreased to approximately HK\$58.9 million for the six months ended 30 June 2015, representing a decrease of approximately 4.8%, as compared with that of approximately HK\$61.9 million for the same period in 2014.

Gross profit margin decreased by approximately 7.1 percentage points to approximately 49.0% for the six months ended 30 June 2015, as compared with that of approximately 56.1% for the same period in 2014.

Management Discussion and Analysis

Administrative and other expenses

Administrative expenses increased to approximately HK\$40.5 million for the six months ended 30 June 2015, representing an increase of approximately of 34.1%, as compared with that of approximately HK\$30.2 million for the same period in 2014. The increase was primarily attributable to the increase in staff costs as a result of salary increment, headcount addition and the grant of share awards at the beginning of 2015. The increase was also driven by the increase in legal and professional expenses upon listing of the Company. As to other expenses, the Group incurred an one-off listing expense of approximately HK\$14.9 million for the six months ended 30 June 2014 but not in the same period of 2015.

Net profit

As a result of the foregoing, net profit attributable to owners of the Company increased to approximately HK\$13.7 million for the six months ended 30 June 2015, representing an increase of approximately 95.7%, as compared with that of approximately HK\$7.0 million for the same period in 2014.

Profit margin increased by approximately 5.0 percentage points to approximately 11.4% for the six months ended 30 June 2015, as compared with that of approximately 6.4% for the same period in 2014.

Liquidity, financial resources and capital structure

| | As at 30 June 2015 HK\$'000 | As at 31 December 2014 HK\$'000 |
|---------------------|--------------------------------------|--|
| Current assets | 224,637 | 250,268 |
| Current liabilities | 69,298 | 79,828 |
| Current ratio | 3.2x | 3.1x |

The current ratio of the Group at 30 June 2015 was approximately 3.2 times as compared to that of approximately 3.1 times at 31 December 2014.

At 30 June 2015, the Group had total cash and bank balances of approximately HK\$81.5 million (31 December 2014: HK\$121.5 million).

At 30 June 2015, the Group's gearing ratio (represented by total interest-bearing bank borrowing at the end of the period divided by total equity at the end of the respective period multiplied by 100%) amounted to approximately 16.4% (31 December 2014: 0%) due to utilization of a banking facility of HK\$30 million which was denominated in HK dollars. The Group borrowed according to real demand and there were no committed borrowing facilities and no seasonality of borrowing requirements. The bank loan of the Group bears interest at 1.7% per annum over the Hong Kong Inter Bank Offered Rate or the interest rate of supporting deposits plus 1% per annum, whichever is higher. The bank loan matures on 31 March 2018.

Management Discussion and Analysis

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2015.

Pledge of assets

The Company has pledged short-term time deposits with an aggregate carrying amount of HK\$30,000,000 (31 December 2014: nil) to a bank to secure a bank borrowing to the Company.

Capital structure

There has been no significant change in the capital structure of the Company during the six months ended 30 June 2015. The capital structure of the Company comprises only ordinary shares and bank borrowing. For details of share capital and bank borrowing, please refer to note 16 and 15 respectively to the interim condensed consolidated financial statements.

Foreign exchange exposure

Most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and RMB. As at 30 June 2015, there was no significant exposure to fluctuations in exchange rates. Despite a recent mild devaluation of RMB, the Directors are of the view that no significant exposure on currency risk such that the Group has to enter into financial instruments to hedge against the currency risk. Instead, the Group actively utilised natural hedge technique to manage its foreign currency exposures by non-financial methods, such as managing the transaction currency, leading and lagging payments, receivable management, etc.

Human resources and employees' remuneration

As at 30 June 2015, the Group employed around 487 employees (31 December 2014: 510 employees). Total staff costs incurred during the six months ended 30 June 2015 amounted to approximately HK\$60.1 million (2014: HK\$48.1 million). 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 employees. Employee benefits include mandatory provident fund, employee pension schemes in the PRC, contributions to social security system, medical coverage, insurance, training and development programs.

A share option scheme (the "Share Option Scheme") was adopted by the Company on 3 June 2014 and became effective on 25 June 2014. During the six months ended 30 June 2015, there was no share option granted under the Share Option Scheme.

On 21 August 2014, the Company has also adopted a share award scheme (the "Share Award Scheme"). The principal objectives of the Share Award Scheme are (i) to recognise the contributions by 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 were set out in the announcements of the Company dated 21 August 2014 and 5 January 2015. On 16 January 2015, the Group granted an aggregate 3,353,000 shares of the Company to 330 employees at nil consideration, subject to the acceptance and fulfillment of vesting condition by the grantees.

Management Discussion and Analysis

OUTLOOK

2015 is a challenging year due to slowdown in PRC economy, weakened property market, fluctuation of stock market and devaluation of RMB. Some PRC property developers may have slowed down the pace of property development projects. In response to the challenging market environment, the Group will continue to leverage its brand, client relationship and industry experience to secure new landscape architecture projects. Besides, the Directors will pay close attention to the cost structure and resources utilization of the Group. The Directors will continue to explore new business opportunities that may generate additional revenue to the Group through joint venture and/or strategic cooperation with local government or other business alliance.

Where there's a risk, there's always an opportunity. In terms of acquisition, the Group has from time to time looked for acquisition opportunity in order to capture larger market share given the landscape architecture service industry is still fragmented in the PRC market. The fluctuation in stock market in the PRC may provide prime opportunity for the Group to carry out acquisition at lower valuation. The successful listing of the Company has consolidated the financial strengths of the Group to complete potential acquisitions. Nevertheless, the Directors will take a prudent approach in identifying potential target company and undertake thorough due diligence process.

Use of Proceeds

The actual net proceeds raised from the initial public offering were approximately HK\$88.8 million, after deduction of all actual underwriting commission, fees and expenses relating to the listing of the Company's shares. The Directors applied the net proceeds to finance the Group's capital expenditure in accordance with those stated in the prospectus of the Company. Up to 30 June 2015, (i) approximately HK\$35.1 million was used to increase the registered capital of Earthasia (Shanghai) Co. Ltd., a principal operating subsidiary of the Company, from US\$0.5 million to US\$5 million in preparation for further establishment of new regional offices and branch offices to expand the business coverage in the PRC, (ii) approximately HK\$6.3 million was used for the acquisition of equity interest in a PRC landscape company, and (iii) approximately HK\$8.9 million was used for general working capital purpose. The unused net proceeds have been placed as interest-bearing deposits with banks in Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSALS

On 13 April 2015, Earthasia Buildscape Limited, a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with the vendor in relation to the acquisition of the sale interest, which represents 49% of the equity interest of the target company, at an aggregate cash consideration of RMB44.1 million (equivalent to approximately HK\$55.1 million), subject to fulfillment of conditions precedent and completion. The target company is a company established under the laws of the PRC and is principally engaged in landscape design and construction services in Jiangsu Province, the PRC. On 29 July 2015, Earthasia Buildscape Limited and the vendor entered into a supplemental agreement to amend certain terms and provisions, including but not limited to the extension of long stop date, of the equity transfer agreement. The Company plans to fund the acquisition partially by bank borrowing and partially by net proceeds raised from the initial public offering when completion takes place. The acquisition constitutes a discloseable transaction of the Company. For details, please refer to the announcement of the Company dated 13 April 2015 and 29 July 2015.

Save as above, during the six months ended 30 June 2015, the Group had no material acquisitions and disposals of subsidiaries.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “CG Code”) stated in Appendix 14 to the Listing Rules during the six months ended 30 June 2015. The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

COMPLIANCE WITH 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 during the six months ended 30 June 2015.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2015, 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 2015 have been reviewed by the audit committee of the Company 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. The unaudited interim consolidated financial information has been reviewed by external auditor.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

AUDIT COMMITTEE

The Company has established and maintained an audit committee in accordance with the requirements of the Listing Rules, particularly the CG Code. Its primary duties are to review the Group’s financial reporting process and internal control system, nominate and monitor external auditors and provide advice and comments to the Board. The audit committee comprised of four non-executive Directors, three of whom are independent non-executive Directors (among whom one of the independent non-executive Directors has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules). The chairman of audit committee is an independent non-executive Director. The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 and the Company’s interim report for such six-month period and recommended the same to the Board for approval.

Corporate Governance and Other Information

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted by the Company on 3 June 2014 and became effective on 25 June 2014. During the six months ended 30 June 2015, there was no share option granted under the Share Option Scheme.

DIRECTORS' INTERESTS IN CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company. 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. The annual remuneration (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) for the year ending 31 December 2015 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. 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. 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 his own self.

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 and shall continue thereafter until it is terminated by the non-executive Director by giving to the Company not less than one month's notice in writing at any time after such initial fixed term or by the Company giving to the non-executive Director not less than one month's prior notice in writing at any time after the date of agreement. 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 which has been renewed for another year and shall continue thereafter until it is terminated by the independent non-executive Director by giving to the Company not less than one month's notice in writing at any time after such initial fixed term or by the Company giving to the independent non-executive Director not less than one month's prior notice in writing at any time after the date of agreement. The annual director's fee payable to each of Mr. Wong Wang Tai, Ms. Tam Ip Fong Sin 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 2015 or at any time during the six months ended 30 June 2015.

Corporate Governance and Other Information

DIRECTORS' INTERESTS IN COMPETING INTERESTS

Save as Mr. Ma Lida and Ms. Huang Yaping, our non-executive Directors nominated by Pubang Landscape Architecture Co., Ltd., 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 Landscape Architecture Co., Ltd., 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 2015.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2015, 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, 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.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Corporate Governance and Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2015, 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:

| Name | Capacity/nature of interest | Number of shares of the Company | Approximate percentage of shareholding interests of the Company |
|---|--------------------------------------|---------------------------------|---|
| 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 Landscape Architecture Co., Ltd. (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 (Note 3) | 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 Landscape Architecture Co., Ltd. Mr. Tu Shan Zhong is interested in 30.82% of the equity interest of Pubang Landscape Architecture Co., Ltd. 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.

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 13 to 44, which comprises the condensed consolidated statement of financial position of Earthasia International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2015 and the related condensed consolidated statements of profit or loss and the condensed consolidated statements of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statements of cash flows for the six-month then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require 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 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 Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. 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 Hong Kong 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 2015

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

| | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| REVENUE | 4 | 120,118 | 110,390 |
| Cost of sales | | (61,229) | (48,497) |
| GROSS PROFIT | | 58,889 | 61,893 |
| Other income and gains | 4 | 7,899 | 6,310 |
| Selling and marketing expenses | | (5,421) | (3,620) |
| Administrative expenses | | (40,458) | (30,221) |
| Other expenses | | (2,671) | (15,787) |
| Finance costs | 6 | (145) | (26) |
| PROFIT BEFORE TAX | 5 | 18,093 | 18,549 |
| Income tax expense | 7 | (5,102) | (11,118) |
| PROFIT FOR THE PERIOD | | 12,991 | 7,431 |
| Attributable to: | | | |
| Owners of the Company | | 13,667 | 7,049 |
| Non-controlling interests | | (686) | 382 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 9 | | |
| Basic | | | |
| – For profit for the period | | HK3.5 cents | HK2.3 cents |
| Diluted | | | |
| – For profit for the period | | HK3.5 cents | HK2.3 cents |

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

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

| | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| PROFIT FOR THE PERIOD | | 12,991 | 7,431 |
| OTHER COMPREHENSIVE INCOME | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | (309) | (1,018) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 12,682 | 6,413 |
| Attributable to: | | | |
| Owners of the parent | | 13,367 | 6,033 |
| Non-controlling interests | | (685) | 380 |
| | | 12,682 | 6,413 |

Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2015

| | Notes | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Goodwill | 17 | 3,111 | 3,111 |
| Property and equipment | 10 | 5,520 | 5,827 |
| Intangible assets | | 5,850 | 4,034 |
| Prepayment and deposits | | 9,121 | 2,272 |
| Deferred tax assets | | 5,416 | 4,281 |
| Pledged deposits | 13 | 30,000 | – |
| Total non-current assets | | 59,018 | 19,525 |
| CURRENT ASSETS | | | |
| Amounts due from customers for contract works | 11 | 67,394 | 65,211 |
| Trade and bills receivables | 12 | 65,056 | 53,829 |
| Prepayments, deposits and other receivables | | 7,383 | 6,498 |
| Amount due from a shareholder | 19 | 19 | 19 |
| Tax recoverable | | 3,271 | 3,184 |
| Cash and bank balances | 13 | 81,514 | 121,527 |
| Total current assets | | 224,637 | 250,268 |
| CURRENT LIABILITIES | | | |
| Trade payables | 14 | 1,220 | 2,862 |
| Other payables and accruals | | 11,096 | 17,132 |
| Amounts due to customers for contract works | 11 | 27,979 | 30,873 |
| Amount due to a director | 19 | 649 | – |
| Tax payable | | 28,246 | 28,961 |
| Dividend payable | | 108 | – |
| Total current liabilities | | 69,298 | 79,828 |
| NET CURRENT ASSETS | | 155,339 | 170,440 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 214,357 | 189,965 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | 1,961 | 2,197 |
| Interest-bearing bank borrowing | 15 | 30,000 | – |
| Total non-current liabilities | | 31,961 | 2,197 |
| NET ASSETS | | 182,396 | 187,768 |
| EQUITY | | | |
| Share capital: nominal value | 16 | 4,000 | 4,000 |
| Treasury shares | 16 | (146) | (157) |
| Other reserves | | 177,448 | 162,386 |
| Proposed final dividend | | – | 19,760 |
| Non-controlling interests | | 181,302 | 185,989 |
| | | 1,094 | 1,779 |
| TOTAL EQUITY | | 182,396 | 187,768 |

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

| | Attributable to owners of the Company | | | | | | | | | | | |
|--|--|--|--|----------|----------|-------------------------------|---|----------------------------------|---|-------------------|--|-----------------------------|
| | Share capital (Note 16) HK\$'000 | Treasury shares (Note 16) HK\$'000 | Share premium account* (Note 16) HK\$'000 | Share | | Reserve funds* HK\$'000 | Exchange fluctuation reserve* HK\$'000 | Retained profits* HK\$'000 | Proposed final dividend HK\$'000 | Total HK\$'000 | Non- controlling interests HK\$'000 | Total equity HK\$'000 |
| | | | | award | plan | | | | | | | |
| | | | | reserve* | reserve* | | | | | | | |
| At 1 January 2015 | 4,000 | (157) | 103,328 | - | 5 | 6,522 | 4,650 | 47,881 | 19,760 | 185,989 | 1,779 | 187,768 |
| Profit for the year | - | - | - | - | - | - | - | 13,677 | - | 13,677 | (686) | 12,991 |
| Other comprehensive income for the year: Exchange differences on translation of foreign operations | - | - | - | - | - | - | (310) | - | - | (310) | 1 | (309) |
| Total comprehensive income for the year | - | - | - | - | - | - | (310) | 13,677 | - | 13,677 | (685) | 12,682 |
| Treasury shares purchased | 16 | (1) | (108) | - | - | - | - | - | - | (109) | - | (109) |
| Final 2014 dividend paid | - | - | - | - | - | - | - | (3) | (19,760) | (19,763) | - | (19,763) |
| Equity-settled share based payment | 16 | 12 | - | 1,806 | - | - | - | - | - | 1,818 | - | 1,818 |
| Transfer from retained profits | - | - | - | - | - | 1,980 | - | (1,980) | - | - | - | - |
| At 30 June 2015 (Unaudited) | 4,000 | (146) | 103,220 | 1,806 | 5 | 8,502 | 4,340 | 59,575 | - | 181,302 | 1,094 | 182,396 |

* These reserve accounts as at 30 June 2015 comprise the consolidated reserves of HK\$177,448,000 (31 December 2014: HK\$162,386,000) in the condensed consolidated statement of financial position.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

| | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity |
|---|---------------------------------------|----------------|------------------|--------------------|-------------------------------|-------------------|----------|---------------------------|--------------|
| | Share capital | Share premium* | Capital reserve* | Statutory reserve* | Exchange fluctuation reserve* | Retained profits* | Total | | |
| | (Note 16) | (Note 16) | | | | | | | |
| | 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 | - | - | - | - | - | 7,049 | 7,049 | 382 | 7,431 |
| Other comprehensive loss for the period: | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | (1,016) | - | (1,016) | (2) | (1,018) |
| Total comprehensive income for the year | - | - | - | - | (1,016) | 7,049 | 6,033 | 380 | 6,413 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | (1) | (1) |
| Capitalisation issue | 3,000 | (3,000) | - | - | - | - | - | - | - |
| Issue of shares | 1,000 | 134,000 | - | - | - | - | 135,000 | - | 135,000 |
| Share issue expenses | - | (11,616) | - | - | - | - | (11,616) | - | (11,616) |
| Dividend | - | - | - | - | - | (35,000) | (35,000) | - | (35,000) |
| Transfer from retained profits | - | - | - | 131 | - | (131) | - | - | - |
| At 30 June 2014 (Unaudited) | 4,000 | 119,384 | 5 | 2,106 | 3,551 | 51,086 | 180,132 | 570 | 180,702 |

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

| | Notes | For the six months ended 30 June | |
|---|-------|----------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | 5 | 18,093 | 18,549 |
| Adjustments for: | | | |
| Finance costs | 6 | 145 | 26 |
| Interest income | 4,5 | (518) | (293) |
| Expenses related to the listing of the Company's shares | 5 | – | 14,857 |
| Share-based payment | | 1,818 | – |
| Depreciation | 5 | 1,704 | 1,501 |
| Amortisation of intangible assets | 5 | 735 | 363 |
| Impairment of provision for trade and bills receivables | 5 | 1,984 | 762 |
| Impairment of provision for deposits and other receivables | 5 | 116 | – |
| Impairment of amounts due from customers for contract works | | 2,176 | 1,813 |
| | | 26,253 | 37,578 |
| Increase in amounts due from customers for contract works | | (4,686) | (12,307) |
| (Increase)/decrease in trade receivables | | (13,183) | 3,315 |
| Increase in prepayments, deposits and other receivables | | (1,494) | (916) |
| Increase in an amount due from a shareholder | | – | (6) |
| Decrease in an amount due from a director | | – | 49 |
| Decrease in trade payables | | (1,639) | (147) |
| Decrease in other payables and accruals | | (4,960) | (7,333) |
| Decrease in amounts due to customers for contract works | | (2,894) | (6,656) |
| Cash (used in)/generated from operations | | (2,603) | 13,577 |
| Profit or income tax paid | | (7,274) | (6,931) |
| Net cash flows (used in)/from operating activities | | (9,877) | 6,646 |

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

| | Notes | For the six months ended 30 June | |
|---|-------|----------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 4,5 | 518 | 293 |
| Purchases of items of property and equipment | | (1,398) | (837) |
| Acquisition of a subsidiary | | – | 96 |
| Prepayment for acquisition of an entity's equity interest | | (6,340) | – |
| Additions to other intangible assets | | (2,943) | (1,304) |
| Net cash flows used in investing activities | | (10,163) | (1,752) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issue of shares | | – | 120,000 |
| Shares repurchased | | (109) | – |
| Payment of listing expenses | | – | (21,094) |
| Repayment of other loan | | – | (480) |
| New bank loan | | 30,000 | – |
| Dividends paid | | (19,655) | (35,000) |
| Interest paid | 6 | (145) | (26) |
| Increase in pledged time deposit | | (30,000) | – |
| Net cash flows (used in)/ from financing activities | | (19,909) | 63,400 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (39,949) | 68,294 |
| Cash and cash equivalents at beginning of period | | 121,527 | 64,364 |
| Effect of foreign exchange rate changes, net | | (64) | 934 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | | |
| | | 81,514 | 133,592 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| CASH AND BANK BALANCES AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | | | |
| | | 81,514 | 133,592 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

1. CORPORATE AND GROUP 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 Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The principal activity of the Company and its subsidiaries (collectively the "Group") is landscape architecture in Hong Kong and 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 condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

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

2.2 Revised standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of revised standards effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these revised standards apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of the amendments is described below:

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

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

(Continued)

2.2 Revised standards adopted by the Group (Continued)

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are effective for annual periods beginning on or after 1 July 2014. These amendments are not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in note 3 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendments are applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

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

(Continued)

2.2 Revised standards adopted by the Group (Continued)

Annual Improvements 2010-2012 Cycle (Continued)

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective for annual periods beginning on or later 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Company is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

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 area;
- (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.

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 gross profit.

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 and bills receivables and amounts due from customers for contract works and exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities include other payables and accruals and amounts due to customers for contract works but exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

3. OPERATING SEGMENT INFORMATION (Continued)

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2015 and 2014.

Six months ended 30 June 2015 (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 |
|-------------------------|--|--|--|---|-------------------|
| Segment revenue | | | | | |
| Revenue | 57,606 | 28,792 | 19,782 | 13,938 | 120,118 |
| Segment results | 30,505 | 10,486 | 10,445 | 5,469 | 56,905 |
| <i>Reconciliations:</i> | | | | | |
| Unallocated income | | | | | 7,899 |
| Unallocated expenses | | | | | (46,566) |
| Finance costs | | | | | (145) |
| Profit before tax | | | | | 18,093 |

Six months 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 |
|-------------------------|--|--|--|---|-------------------|
| Segment revenue | | | | | |
| Revenue | 46,959 | 29,058 | 23,610 | 10,763 | 110,390 |
| Segment results | 25,589 | 19,352 | 11,029 | 5,161 | 61,131 |
| <i>Reconciliations:</i> | | | | | |
| Unallocated income | | | | | 6,310 |
| Unallocated expenses | | | | | (48,866) |
| Finance costs | | | | | (26) |
| Profit before tax | | | | | 18,549 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

3. OPERATING SEGMENT INFORMATION (Continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2015 and 31 December 2014.

30 June 2015 (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 |
|----------------------------|--|--|--|---|-------------------|
| Segment assets | 63,216 | 31,934 | 25,894 | 11,406 | 132,450 |
| <i>Reconciliations:</i> | | | | | |
| Unallocated assets | | | | | 151,205 |
| Total assets | | | | | 283,655 |
| Segment liabilities | 13,998 | 6,787 | 7,609 | 1,232 | 29,626 |
| <i>Reconciliations:</i> | | | | | |
| Unallocated liabilities | | | | | 71,633 |
| Total liabilities | | | | | 101,259 |

31 December 2014 (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 |
|----------------------------|--|--|--|---|-------------------|
| Segment assets | 53,607 | 29,520 | 22,028 | 13,885 | 119,040 |
| <i>Reconciliations:</i> | | | | | |
| Unallocated assets | | | | | 150,753 |
| Total assets | | | | | 269,793 |
| Segment liabilities | 19,864 | 4,493 | 7,213 | 1,756 | 33,326 |
| <i>Reconciliations:</i> | | | | | |
| Unallocated liabilities | | | | | 48,699 |
| Total liabilities | | | | | 82,025 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

3. OPERATING SEGMENT INFORMATION (Continued)

The following tables present other segment information for the Group's operating segments for the six months ended 30 June 2015 and 2014.

Six months ended 30 June 2015 (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 |
|--|--|--|--|---|-------------------|
| Other segment information | | | | | |
| Impairment/(reversal) of provision for trade receivables | (194) | 2,080 | (488) | 586 | 1,984 |
| Unallocated: Depreciation and amortisation | | | | | 2,439 |
| Capital expenditure*: Unallocated | | | | | 3,945 |

Six months 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 |
|---|--|--|--|---|-------------------|
| Other segment information | | | | | |
| Impairment of provision for trade receivables | 324 | 201 | 163 | 74 | 762 |
| Unallocated: Depreciation and amortisation | | | | | 1,864 |
| Capital expenditure*: Unallocated | | | | | 2,141 |

* Capital expenditure consists of additions of property and equipment and intangible assets.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

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 | |
|------------------------|-------------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Revenue | | |
| Service contracts | 120,118 | 110,390 |
| Other income | | |
| Service income | 3,707 | 5,824 |
| Interest income | 518 | 293 |
| Government grants | 3,026 | 99 |
| | 7,251 | 6,216 |
| Gains | | |
| Foreign exchange gains | 648 | 94 |
| | 7,899 | 6,310 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

5. PROFIT BEFORE TAX

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

| | For the six months ended 30 June | |
|--|-------------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Cost of services provided | 61,229 | 48,497 |
| Depreciation | 1,704 | 1,501 |
| Amortisation of intangible assets | 735 | 363 |
| Research and development costs: | | |
| Current period expenditure | 3,726 | 3,941 |
| Minimum lease payments under operating leases of buildings | 4,161 | 6,787 |
| Auditors' remuneration | 795 | 991 |
| Employee benefit expense | | |
| – Wages and salaries | 47,816 | 39,555 |
| – Equity-settled share award plan expense | 1,818 | – |
| – Pension scheme contributions and welfare | 6,873 | 6,704 |
| – Welfare and other benefits | 3,589 | 1,865 |
| Foreign exchange gains, net | (648) | (94) |
| Impairment of provision for trade and bills receivables | 1,984 | 762 |
| Impairment of provision for deposits and other receivables | 116 | – |
| Interest income | (518) | (293) |
| Expenses related to the listing of the Company's shares* | – | 14,857 |

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

| | For the six months ended 30 June | |
|----------------------------|-------------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Interest on bank borrowing | 145 | 26 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

泛亞景觀設計（上海）有限公司, a subsidiary of the Company, was granted with the High and New Technology Enterprises qualification and subject to a preferential corporate income tax rate of 15% for a period of three years commencing from the year ended 31 December 2014 on 27 February 2015 (six months ended 30 June 2014: 25%).

Other subsidiaries located in Mainland China were subject to the statutory corporate income tax rate of 25% for the period (six months ended 30 June 2014: 25%) under the income tax rules and regulations in the PRC.

EA Group International, Inc, a subsidiary of the Company located in the Philippines, was subject to the income tax rate of 30% on the estimated taxable income during the period (six months ended 30 June 2014: 30%).

| | For the six months ended 30 June | |
|---------------------------------|----------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Current – Hong Kong: | | |
| Charge for the period | 1,606 | 42 |
| Underprovision in prior years | – | 211 |
| Current – Mainland China | 4,770 | 10,269 |
| Current – the Philippines | 94 | – |
| | 6,470 | 10,522 |
| Deferred | (1,368) | 596 |
| Total tax charge for the period | 5,102 | 11,118 |

8. DIVIDEND

| | For the six months ended 30 June | |
|---------|----------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Interim | – | 35,000 |

Pursuant to a resolution of the general meeting of shareholders on 14 January 2014, the Company declared a cash dividend of HK\$3,500 per ordinary share.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

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

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2015, and the weighted average number of ordinary shares of 385,301,000 (six months ended 30 June 2014: 301,670,145) in issue during the period, as adjusted to reflect the shares repurchased for the purpose of awarding shares to eligible person under share award scheme during the period.

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2015. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

| | For the six months ended 30 June | |
|---|-------------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Earnings | | |
| Profit attributable to ordinary equity holders of the Company | 13,677 | 7,049 |

| | Number of shares For the six months ended 30 June | |
|--|---|---------------------|
| | 2015 (Unaudited) | 2014 (Unaudited) |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation | 385,301,000 | 301,670,145 |
| Effect of dilution – weighted average number of ordinary shares: share awarded | 1,117,449 | – |
| | 386,418,449 | 301,670,145 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

10. PROPERTY AND EQUIPMENT

| | For the six months ended 30 June 2015 (Unaudited) HK\$'000 |
|--------------------|--|
| At 1 January | 5,827 |
| Additions | 1,398 |
| Depreciation | (1,704) |
| Exchange alignment | (1) |
| At 30 June | 5,520 |

11. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---|--|--|
| Gross amounts due from customers for contract works | 67,394 | 65,211 |
| Gross amounts due to customers for contract works | (27,979) | (30,873) |
| | 39,415 | 34,338 |
| Contract costs incurred plus recognised profits less recognised losses to date | 681,062 | 657,905 |
| Less: Progress billings | (641,647) | (623,567) |
| | 39,415 | 34,338 |

Included in the amounts due from customers for contract works was an amount of HK\$4,908,000 (2014: HK\$7,618,000) with 廣州普邦園林股份有限公司 ("Pubang"), a shareholder of the Company for the services rendered by the Group, of which an amount of HK\$3,100,000 had been impaired due to termination of the contract.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

12. TRADE AND BILLS RECEIVABLES

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|-----------------------------|--|--|
| Trade and bills receivables | 80,103 | 66,884 |
| Impairment | (15,047) | (13,055) |
| | 65,056 | 53,829 |

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, extending up to six months for major customers. 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 and bills 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 and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---------------------------------|--|--|
| Within 6 months | 47,790 | 43,303 |
| Over 6 months but within 1 year | 12,540 | 6,327 |
| Over 1 year but within 2 years | 3,547 | 3,432 |
| Over 2 years | 1,179 | 767 |
| | 65,056 | 53,829 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

12. TRADE AND BILLS RECEIVABLES (Continued)

The movements in provision for impairment of trade and bills receivables are as follows:

| | For the six months ended 30 June 2015 (Unaudited) HK\$'000 |
|---------------------------------------|--|
| At 1 January | 13,055 |
| Impairment during the period (note 5) | 1,984 |
| Exchange alignment | 8 |
| At 30 June | 15,047 |

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK\$13,884,000 (31 December 2014: HK\$8,163,000) with a carrying amount before provision of HK\$15,104,000 (31 December 2014: HK\$8,535,000).

The individually impaired trade and bills 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 and bills receivables that are not individually nor collectively considered to be impaired is as follows:

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|-------------------------------|--|--|
| Neither past due nor impaired | 30,101 | 29,083 |
| Less than 30 days past due | 3,901 | 5,170 |
| 30 to 120 days past due | 10,892 | 9,051 |
| 121 to 300 days past due | 501 | 1,365 |
| Over 300 days past due | 87 | 1,599 |
| | 45,482 | 46,268 |

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.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

12. TRADE AND BILLS RECEIVABLES (Continued)

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.

13. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

| | Notes | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|----------------------------------|-------|--|--|
| Cash and bank balances | | 80,901 | 81,478 |
| Time deposits | | 30,613 | 40,049 |
| | | 111,514 | 121,527 |
| Less: Pledged time deposits: | | | |
| Pledged for long term bank loans | 15 | (30,000) | – |
| Cash and bank balances | | 81,514 | 121,527 |

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

| | 30 June 2015 (Unaudited) | | 31 December 2014 (Audited) | |
|-------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | Original currency in '000 | HK\$ equivalent in '000 | Original currency in '000 | HK\$ equivalent in '000 |
| Cash and bank balances: | | | | |
| Renminbi | 48,799 | 61,880 | 31,618 | 40,076 |
| Philippines Peso | 1,541 | 265 | 2,310 | 400 |
| USA Dollar | 4 | 28 | 4,123 | 32,077 |

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.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

13. CASH AND BANK BALANCES AND PLEDGED DEPOSITS (Continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time 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 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---------------------------------|--|--|
| Within 1 year | 1,024 | 2,309 |
| Over 1 year but within 2 years | 124 | 459 |
| Over 2 years but within 3 years | 25 | – |
| Over 3 years | 47 | 94 |
| | 1,220 | 2,862 |

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

15. INTEREST-BEARING BANK BORROWING

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|---------------------|--|--|
| Bank loan – secured | 30,000 | – |

Notes:

- (a) The Group's banking facility amounting to HK\$30,000,000 (2014: Nil), of which HK\$30,000,000 (2014: Nil) had been utilised as at 30 June 2015.
- (b) The Group's bank loan is secured by the pledge of certain of the Group's time deposit amounting to HK\$30,000,000 (2014: Nil).

The bank loan of the Group bears interest at 1.7% per annum over the Hong Kong Inter Bank Offered Rate or the interest rate of supporting deposits plus 1% per annum, whichever is higher. The bank loan matures on 31 March 2018.

The carrying amount of the bank loan approximates to its fair value.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

16. SHARE CAPITAL AND TREASURY SHARES

| Shares | No. of shares of HK\$0.01 each | | | |
|----------------------------------|--------------------------------------|----------|--------------------------------------|----------|
| | 30 June 2015 (Unaudited) | | 31 December 2014 (Audited) | |
| Authorised | | | | |
| Ordinary shares of HK\$0.01 each | 780,000,000 | | 780,000,000 | |
| Issued and fully paid | | | | |
| | 30 June 2015 | | 31 December 2014 | |
| | No. of shares of HK\$0.01 each | HK\$'000 | No. of shares of HK\$0.01 each | HK\$'000 |
| Ordinary shares | 400,000,000 | 4,000 | 400,000,000 | 4,000 |

Treasury shares

The movements in the treasury shares of the Company are as follows:

| | Notes | No. of shares of HK\$0.01 each | Amount HK\$'000 |
|---|-------|-----------------------------------|--------------------|
| At 31 December 2014 and 1 January 2015 | | (15,694,000) | (157) |
| Repurchase of ordinary shares | (i) | (136,000) | (1) |
| Granting of shares under the share award scheme | (ii) | 1,230,000 | 12 |
| At 30 June 2015 | | (14,600,000) | (146) |

Notes:

- (i) On 5 January 2015, 6 January 2015 and 7 January 2015, the Company repurchased a total of 136,000 ordinary shares of the Company of HK\$0.01 each at a total consideration of HK\$109,000. The consideration paid in excess of the par value of these repurchased shares of approximately HK\$108,000 was debited to the share premium account.
- (ii) On 16 January 2015, the Group granted an aggregate 3,353,000 shares of the Company to 330 employees at nil consideration pursuant to the share award scheme of the Company set up on 21 August 2014. Among the shares, the vesting date of a total of 2,123,000 shares will be on 16 January 2016 and the vesting date of a total of 1,230,000 shares was on 16 January 2015.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

16. SHARE CAPITAL AND TREASURY SHARES (Continued)

Share award scheme

On 21 August 2014, the Company adopted a 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.

Subject to any early termination as may be determined by the board of directors of the Company (the "Board") pursuant to the rules of the share award scheme ("Scheme Rules"), the share award scheme shall be valid and effective for a term of 10 years commencing on the 21 August 2014.

The share award scheme shall be subject to the administration of the Company's board of directors (the "Board") and the trustee in accordance with the Scheme Rules and the trust deed as appointed by the Company. The trustee shall hold the trust fund in accordance with the terms of the trust deed.

The board of directors may from time to time cause to be paid the fund to the trust by way of settlement or otherwise contribution by the Company or any subsidiary as directed by the Board which shall constitute part of the trust fund, for the purchase of the Company's shares and other purposes set out in the Scheme Rules and the trust deed. Subject to the Scheme Rules, the Board may from time to time instruct the trustee in writing to purchase Company's shares. Once purchased, the Company's shares are to be held by the trustee for the benefit of employees under the trust on and subject to the terms and conditions of the share award scheme and the trust deed. On each occasion, when the Board instructs the trustee to purchase the Company's shares, it shall specify the maximum amount of funds to be used and the range of prices at which such shares of the Company are to be purchased. The trustee may not incur more than the maximum amount of funds or purchase any shares of the Company at a price falling outside the range of prices so specified unless with the prior written consent of the Board.

Subject to the provision of the share award scheme, the Board may, from time to time at its absolute discretion, select any eligible person who contributes to the success of the Group's operations ("Eligible Person") other than those excluded for participation in the share award scheme, and grant awarded shares to the selected Eligible Person at no consideration in a number and on terms and conditions as it may determine at its absolute discretion.

Subject to the terms and condition of the share award scheme and the fulfilment of all vesting conditions to the vesting of the awarded shares on such selected Eligible Person as specified in the share award scheme and the grant notice, the respective awarded shares held by the trustee on behalf of the selected Eligible Person pursuant to the provision hereof shall vest to such selected Eligible Person in accordance with the vesting schedule (if any) as set out in the grant notice, and the trustee shall cause the awarded shares to be transferred to such selected Eligible Person on the vesting date.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

16. SHARE CAPITAL AND TREASURY SHARES (Continued)

Share award scheme (Continued)

Prior to the vesting date, any award made pursuant to the share award scheme shall be personal to the selected Eligible Person to whom it is made and shall not be assignable and no selected Eligible Person shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the awarded shares referable to him/her pursuant to such award.

The Board may at its discretion, with or without further conditions, grant additional shares of the Company or cash award out of the trust fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus shares and scrip dividends) declared by the Company or derived from such awarded shares during the period from the date of award to the vesting date to a selected Eligible Person upon the vesting of any awarded shares.

Share option scheme

A share option scheme (the "Share Option Scheme") was conditionally approved by the Company on 3 June 2014 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and the Share Option Scheme became effective on 25 June 2014. Eligible participants of the Share Option Scheme are the directors, including independent non-executive directors, of the Company and any entity in which the Group holds at least 20% of its shares (the "Invested Entity"), other employees of the Group or the Invested Entity, suppliers of goods or services to the Group or the Invested Entity, customers of the Group or the Invested Entity, person that provides technological support to the Group or the Invested Entity, shareholders of the Group or the Invested Entity, holders of any securities issued by the Group or the Invested Entity, advisor or consultant to the Group or the Invested Entity, and any non-controlling shareholder in the Company's subsidiaries.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

16. SHARE CAPITAL AND TREASURY SHARES (Continued)

Share option scheme (Continued)

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the listing date. The maximum number of shares issuable under share options to each eligible participant in the scheme within any 12-month period is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors which shall not exceed ten years from the offer date subject to the provisions of early termination thereof.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotation sheet on the offer date; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of the shares on the offer date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the six months ended 30 June 2015, there was no option granted under the Share Option Scheme.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

17. GOODWILL

| | 2015 (Unaudited) HK\$'000 |
|--------------------------|---------------------------------|
| At 1 January and 30 June | 3,111 |

Impairment testing of goodwill

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation. To calculate this, cash flow projections are prepared based on financial budgets as approved by the management which cover a period of ten years. The pre-tax discount rate applied to the cash flow projections is 14%.

The growth rate used to extrapolate the cash flows of the cash-generating unit beyond the ten year period is 0%. The management believes that this growth rate is conservative and reliable for the purpose of this impairment testing.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

17. GOODWILL (Continued)

Key assumptions used in the value in use calculation

The following describes the key assumptions of the cash flow projections.

Revenue: The bases used to determine the future earnings potential are historical sales and average and expected growth rates of the landscape design in Mainland China and Hong Kong.

Gross margins: The gross margins are based on the average gross margin achieved in the past year.

Expenses: The value assigned to the key assumptions reflects past experience and management's commitment to maintain the Group's operating expenses to an acceptable level.

Discount rate: The discount rate used is before tax and reflects management's estimate of the risks specific to the unit. In determining appropriate discount rate for the unit, regard has been given to the applicable borrowing rate of the Group in the current year.

Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the cash-generating unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the cash-generating unit to exceed the recoverable amount.

18. PLEDGE OF ASSETS

Details of the Group's bank loans, which is secured by the assets of the Group, are included in notes 13 and 15 to the financial statements.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions and balances with related parties during the six months ended 30 June 2015:

| | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| (a) Transactions with related parties: | | | |
| Payment of expense on behalf of 廣州普邦園林股份有限公司 ("Pubang") | | - | 6 |
| Contract revenue from Pubang | (i) | 798 | - |
| Purchase of software copyright from Andross Chan | (ii) | 2,282 | - |
| Rental expenses to directors: | (iii) | | |
| Andross Chan | | 170 | 254 |
| Ming Tian | | 75 | 234 |

- (i) The Company's subsidiary Earthasia (Shanghai) Co., Ltd. ("Earthasia Shanghai") entered into a framework sale agreement dated 30 July 2014 with Pubang, pursuant to which the Group has agreed that (a) Pubang (or any of its subsidiaries) may (i) subcontract to Earthasia (Shanghai) Co., Ltd. (or any of its subsidiaries) all or part of its landscape projects that require landscape architecture services; and (ii) refer to Earthasia (Shanghai) Co., Ltd. (or any of its subsidiaries) clients which require landscape architecture services; and (b) Earthasia (Shanghai) Co., Ltd. (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. During the year, the Group recognized revenue from service contract with Pubang amounting to HK\$798,000 (six months ended 30 June 2014: nil).

The related party transactions with Pubang constitute exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (ii) The Group entered into a software license transfer agreement with Andross Chan on 30 April 2015 to access the right to use the software as developed by Andross Chan for five years from 30 April 2015 to 30 April 2020. The fee payable by the Group has been agreed mutually between the Group and Andross Chan.

- (iii) The Group entered into lease agreements with Andross Chan and Ming Tian to lease certain properties. The rents have been agreed mutually between the Group and these directors.

The related party transactions with the two directors constitute exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with a shareholder and a director

| | 30 June 2015 (Unaudited) HK\$'000 | 31 December 2014 (Audited) HK\$'000 |
|--------------------------------|--|--|
| Amount due from a shareholder: | | |
| Pubang | 19 | 19 |
| Amount due to director: | | |
| Andross Chan | 649 | – |

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

(c) Compensation of key management personnel of the Group

| | For the six months ended 30 June | |
|--|-------------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Salaries, allowances and benefits in kind | 6,171 | 5,049 |
| Equity-settled share award plan expense | 624 | – |
| Pension scheme contributions | 139 | 197 |
| Total compensation paid to key management personnel | 6,934 | 5,246 |

Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2015

20. EVENTS AFTER THE REPORTING PERIOD

- (a) On 10 July 2015, the Company placed an aggregate of 20,000,000 ordinary shares of HK\$0.01 each to independent institutional, professional or private investors, at a placing price of HK\$1.05 per share, pursuant to a placing agreement the Company entered into on 30 June 2015. The net proceeds arising from the placing were approximately HK\$20 million, before placing expenses.
- (b) On 20 July 2015, the Company entered into a placing agreement with a placing agent to place not less than six third-parties to subscribe for up to 54,000,000 warrant shares at the issue price of HK\$0.2 per warrant. The subscription price of the warrant shares was HK\$2.30 per share. The subscription rights attaching to the warrants will be exercisable within one year from the date of the issue of the warrants.
- (c) On 22 July 2015, the Company granted an aggregate of 648,249 ordinary shares of HK\$0.01 each of the Company to 5 employees pursuant to the share award scheme of the Company set up on 21 August 2014. The vesting date of the awarded shares was 22 July 2015.
- (d) On 24 July 2015, the Company granted a total of 21,500,000 share options of the Company to certain eligible employees of the Company pursuant to the share option scheme adopted by the Company (note 16) on 3 June 2014. Each share option entitled the participants to subscribe for one share at an exercise price of HK\$2.5 per share. The validity period of the share option was from 24 July 2015 to 23 January 2017.
- (e) On 29 July 2015, Earthasia Buildscape Limited, a wholly-owned subsidiary of the Company, entered into a supplemental agreement with Mr. Zhang Genlang, who has 89% equity interest in 寧波市花園園林建設有限公司(“寧波花園”), a company established in the PRC, to amend certain terms and provisions of the equity transfer agreement dated 13 April 2015 relating to the acquisition of the 49% equity interest in 寧波花園. Earthasia Buildscape Limited and Mr. Zhang Genlang agreed to extend the long stop date from 30 July 2015 to 30 October 2015, and change the compensation threshold from RMB11.25 million to RMB7.5 million. Pursuant to the equity transfer agreement, a condition exists when the audited net profit of 寧波花園 in respect of the financial year ending 31 December 2015 is lower than RMB 15 million but is equal to or higher than the compensation threshold, such shortfall between the threshold and the audited net profit of 寧波花園 shall be compensated by Mr. Zhang Genlang subject to certain conditions.

21. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The financial statements were approved and authorised for issue by the board of directors on 28 August 2015.